

1974

State controlled higher education in Virginia and the budgeting process 1950-1972 : a move toward formal methods

Richard Allan Kellogg

College of William & Mary - School of Education

Follow this and additional works at: <https://scholarworks.wm.edu/etd>



Part of the [Educational Administration and Supervision Commons](#)

Recommended Citation

Kellogg, Richard Allan, "State controlled higher education in Virginia and the budgeting process 1950-1972 : a move toward formal methods" (1974). *Dissertations, Theses, and Masters Projects*. Paper 1539618715.

<https://dx.doi.org/doi:10.25774/w4-4q1c-3z56>

This Dissertation is brought to you for free and open access by the Theses, Dissertations, & Master Projects at W&M ScholarWorks. It has been accepted for inclusion in Dissertations, Theses, and Masters Projects by an authorized administrator of W&M ScholarWorks. For more information, please contact scholarworks@wm.edu.

INFORMATION TO USERS

This material was produced from a microfilm copy of the original document. While the most advanced technological means to photograph and reproduce this document have been used, the quality is heavily dependent upon the quality of the original submitted.

The following explanation of techniques is provided to help you understand markings or patterns which may appear on this reproduction.

1. The sign or "target" for pages apparently lacking from the document photographed is "Missing Page(s)". If it was possible to obtain the missing page(s) or section, they are spliced into the film along with adjacent pages. This may have necessitated cutting thru an image and duplicating adjacent pages to insure you complete continuity.
2. When an image on the film is obliterated with a large round black mark, it is an indication that the photographer suspected that the copy may have moved during exposure and thus cause a blurred image. You will find a good image of the page in the adjacent frame.
3. When a map, drawing or chart, etc., was part of the material being photographed the photographer followed a definite method in "sectioning" the material. It is customary to begin photoing at the upper left hand corner of a large sheet and to continue photoing from left to right in equal sections with a small overlap. If necessary, sectioning is continued again — beginning below the first row and continuing on until complete.
4. The majority of users indicate that the textual content is of greatest value, however, a somewhat higher quality reproduction could be made from "photographs" if essential to the understanding of the dissertation. Silver prints of "photographs" may be ordered at additional charge by writing the Order Department, giving the catalog number, title, author and specific pages you wish reproduced.
5. PLEASE NOTE: Some pages may have indistinct print. Filmed as received.

Xerox University Microfilms

300 North Zeeb Road
Ann Arbor, Michigan 48106

74-13,180

KELLOGG, Richard Allan, 1925-
STATE CONTROLLED HIGHER EDUCATION IN VIRGINIA
AND THE BUDGETING PROCESS, 1950-1972: A MOVE
TOWARD FORMAL METHODS.

The College of William and Mary in Virginia,
Ed.D., 1974
Education, administration

University Microfilms, A XEROX Company, Ann Arbor, Michigan

© 1974

RICHARD ALLAN KELLOGG

ALL RIGHTS RESERVED

STATE CONTROLLED HIGHER EDUCATION IN
VIRGINIA AND THE BUDGETING PROCESS
1950-1972: A MOVE TOWARD
FORMAL METHODS

A Dissertation
Presented to the
Faculty of the School of Education
College of William and Mary in Virginia

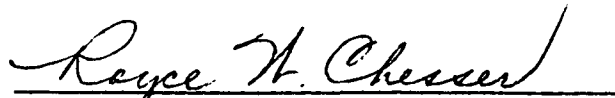
In Partial Fulfillment
Of the Requirements for the Degree
Doctor of Education

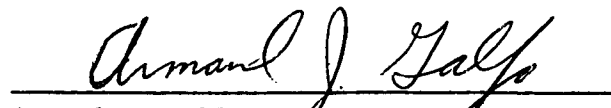
by
Richard Allan Kellogg
January, 1974


APPROVAL SHEET

We the undersigned do certify that we have read this dissertation and that in our individual opinions it is acceptable in both scope and quality as a dissertation for the degree of Doctor of Education.

Accepted January 1974 by


Royce W. Chesser


Armand J. Galfo


Daniel R. Gerber, Chairman of
Doctoral Committee

ACKNOWLEDGMENTS

This paper is dedicated to all those persons who encouraged and assisted me to continue in graduate studies. They include advisor, instructors, typists, family, and contributors to this document. They have gained my everlasting gratitude for the opportunity of this experience.

TABLE OF CONTENTS

ACKNOWLEDGMENTS	111
LIST OF TABLES	viii
LIST OF ILLUSTRATIONS	ix
Chapter	
I. INTRODUCTION	1
Background and Purpose	1
Definition of Terms	4
Methodology	7
Overview	8
Footnotes	10
II. HISTORICAL BACKGROUND	16
The Colonial Period, 1607-1776	16
The Ante Bellum Period, 1776-1861	17
The Post Civil War Period, 1866-1906	19
The Period of Reform, 1906-1930	21
The Budget Act of 1918	26
State Reorganization of 1928	28
The Period of Consolidation, 1930-1950	40
Summary	46
Footnotes	49

III. TRANSITION 1950-1972	54
Philosophy	55
General	55
Formal Budgeting and the State Council of Higher Education	61
The Uniform Data Gathering System	63
Chart of Accounts The Information Data Gathering System	
Space Utilization and Capital Outlay	71
Formal Budgeting and the Division of the Budget	74
Guideline Budgeting	75
Issues Incrementalism Ratios Refinements	
Program Budgeting	82
Capital Outlay	84
State-Level Automated Data Processing	85
Early Developments Including the Harrison Administration	85
The Division of the Budget and Electronic Data Processing	88
Developments under Godwin Administration	90
The Higher Education Plan The State Plan and Budgeting	
New Directions	94
Powers	95

Prelude to the State Council	96
Constitutional Amendments--1952 and 1956	97
The State Council of Higher Education-- 1956-1966	98
Abridgement of the State Council	100
Restoration for the State Council 1966	100
New Agencies--1966-1970	102
Constitutional Amendments--1970-1971	103
New Agencies--1970-1972	105
Structures	108
The State Council of Higher Education	108
Early Committees	109
The Professional Advisory Committee System	110
The Division of the Budget	115
Division of Automated Data Processing	118
Early Structures	120
The Computer Advisory Committee Virginia Advisory Committee on Administrative Management The Statewide Plan for Higher Education	
Reorganization	125
Superstructure	125
Interagency Relations	129
Incipient Change, 1950-1956	132
Struggle and Strain, 1956-1964	134

The Coup, 1960	136
Endorsement and Circumvention	137
Reversal and Improvement, 1964-1970	141
Support from the Governors	142
Working with the Division of the Budget	144
Formula Budgeting Revealed Appendix M Appears	
The Commissioner, Director, and Presidents	149
Credibility and Library Funds	150
The State Council and the Legislature	153
Others in the Arena	155
New Politics, 1970-1972	158
Growing Interdependence	160
Tightening Demands	161
Footnotes	166
IV. CONCLUSION	182
General Conclusions	189
Possibilities for Further Inquiry	191
BIBLIOGRAPHY	193

LIST OF TABLES

Table	Page
1. Comparison of Appropriations for the State Council of Higher Education for Virginia for Three Biennia: 1960-1962; 1962-1964; 1964-1966	138

LIST OF ILLUSTRATIONS

Figure	Page
1. Structure of the Professional Advisory Committee Plan of the State Council of Higher Education for Virginia--1966	111
2. Structure of the General Professional Advisory Committees of the State Council of Higher Education in Virginia--1972	114
3. Structure of the Division of the Budget--June, 1969	117
4. Structure of the Division of Engineering and Buildings--1970	119
5. Structure of Statewide Automated Data Processing	121
6. Structure of the Office of Administration--1969	127
7. Directed Graph of four Major Participants in the Budgetary Process--1950	130

STATE CONTROLLED HIGHER EDUCATION IN
VIRGINIA AND THE BUDGETING PROCESS
1950-1972: A MOVE TOWARD
FORMAL METHODS

CHAPTER I

INTRODUCTION

Background and Purpose

In many states concern has arisen over rising budgets for public higher education since the end of World War II. The demands for increased levels of funding, created largely by burgeoning enrollments, have placed financial burdens upon state governments and have forced the public institutions of higher education to compete for funds with other state agencies. Increasingly during these years of rising demands, state budgeting agencies have been studying the problem of allocating resources to public institutions of higher education and have established a trend toward more centralized, formalized, and rational techniques for allocating funds.¹ The locus of the trend toward more formal budgeting procedures is not confined to a single agency or office, such as the Office of the Budget, the Office of the Governor, the legislature, or some other state agency. Rather, it is a complex interaction of different agencies or individuals functioning in a system or process. The participants and their influence on the process vary to the extent that the process must be viewed from a broad perspective in order to identify trends.

This trend toward formal methods leads to the question "Is the Commonwealth of Virginia following the national trend in budget

processes relative to public higher education?" No recent studies have been made of the Virginia state budget process, and earlier studies have not covered the subject in depth.² None has taken the broad look at the Virginia state budget process, as was done in this study. In 1964, Miller stated the need for this kind of research as follows:

Further studies are needed of higher education budgetary practices and procedures in individual states. Some of these studies . . . may attempt to cover both the history and technical form of the procedures which are used, but others may be restricted to either the technical procedures or the political, social, and economic considerations which affect their use. People from different disciplines, with different research orientations, might be involved in these studies.³

In line with Miller's description, the present study represents a political, historical, and technical description of the budgetary process in the State of Virginia. Most other studies in the post-World War II era were concerned with the technical forms of budgeting. For instance, there are a substantial number of studies describing various aspects of "program budgeting" and its application to higher education. There are also a number of documents on Management Information Systems, published by the Western Interstate Commission for Higher Education (WICHE).⁴ WICHE's documents are primarily concerned with the details of collecting and computerizing information at the institutional levels. These systems apply only indirectly to the overall state budget process and only under conditions where state institutions adopt a common approach or system. For example, at least fourteen Western states, as members of WICHE, have experimented with management and budgeting systems similar to the ones recommended by WICHE. Some of

the problems related to those mentioned at the outset have been solved. In other cases, some state coordinating councils have published procedures regarding formula or cost budgeting. For instance, budgeting officials in Maryland recently published a system of budgeting formulae which included the results of a nationwide survey that were used to determine the Maryland pattern.⁵

Taking the basic question "Is Virginia following the national trend in state budgeting with respect to public higher education?" an hypothesis is suggested. If the Commonwealth of Virginia is following the general trend in state budgeting, then the budgeting process will incorporate more formal methods to allocate resources.

Research indicated that several common functions appear in state budgetary processes throughout the fifty states of the Union. These functions appear to be related to four other categories of information. The functions are control, management, planning, budget review, and program approval. These functions conform to and are inclusive of nearly identical functions discussed by several authorities in the field of budgeting for higher education, namely, the Council of State Governments,⁶ Miller,⁷ Berdahl,⁸ and Schick.⁹ The four categories have been suggested by the observed nature of the budgeting. These four categories are philosophy, power, structure, and intergovernmental relations. They possess inferential, if not causative, qualities related to the functions of budgeting. Their relative influence may be approximated by either objective and/or subjective inquiry. All these functions and categories are involved in

the budgetary process and are reminiscent of Wildavsky's definition that budgetary process is " . . . a cyclical system involving the translation of financial resources into human purposes."¹⁰ In summary, a composite statement of the directional hypothesis would read as follows: Between 1950 and 1972 budgeting for public institutions of higher education in the State of Virginia has moved toward an increased use of formal methods to allocate resources.

Definition of Terms

In addition to the term "budgetary process," defined in the previous section, the following terms are defined as follows:

"Formal methods of budgeting" will indicate any of the following: formula budgeting (as conceived by Miller and as used by numerous state budget offices), automatic data processing techniques, ratios, numerical costs or standards, management information systems, planning-programming-budgeting system (PPBS), program budget system (PBS), program and budget system (PABS). In general, the term can be viewed as any formal means of assigning numbers as the basis for resource allocation in budgeting for public higher education. The concept is designed to stand in contradistinction to informal, power politics.

"Allocation" refers to the assignment of resources, usually funds or monies, based on a comparison of numerical values attached to higher educational programs, functions, courses, or institutions which are competing for scarce resources. Allocation

extends throughout the time frame of the budget cycle because budgeted funds are periodically allocated during the cycle.

Borrowing from Schick, "control" means " . . . the process of enforcing the limitations and conditions set in the budget and in appropriations, and of securing compliance with the spending restrictions imposed by central authorities." Schick elaborates, "If the budget details the allowances for items of expense, the central budgeteers will be required, or at least tempted, to monitor agency actions in order to enforce the limits." Continuing, "If restrictions are imposed on the spending discretion of agencies, the budget power will be used to uphold these restrictions."¹¹

"Management" in budgeting implies " . . . the use of budgetary authority, at both agency and central levels, to ensure the efficient use of staff and other resources in the conduct of authorized activities." In "management-oriented budgeting, . . ." attention is " . . . on agency outputs--what is being done or produced and at what cost, and how that performance compares with budgeted goals."¹²

"Planning" means " . . . the process of determining public objectives and the evaluation of alternative programs." In budgetary planning, " . . . central authorities must have information concerning the purposes and the effectiveness of programs. They must also be informed of multiyear spending plans and of the linkage between spending and public benefits."¹³

"Philosophy" is defined in this study to include the

values, beliefs, attitudes, practices, or policies of an individual, or group of individuals that tend to support or reject the increased use of formal methods for the allocation of resources for public higher education.

"Power" refers to the constitutional or statutory authority which supports or rejects the increased use of formal methods to allocate resources for public higher education.

"Structure" indicates an agency or group of agencies in the government of the Commonwealth of Virginia whose mission--stated, implied, or practiced--supports or rejects the increased use of formal methods to allocate resources for public higher education.

"Interagency relations" includes the interactions between individuals or agencies which support or reject the increased use of formal methods to allocate resources for public higher education. Interactions may take the form of policies, activities, attitudes, values, beliefs, or exercised informal influence.

"Incremental budgeting" implies accepting " . . . the legitimacy of established programs . . ." and " . . . agreeing to continue the previous level of expenditures." The task is limited " . . . by considering only the increments of change proposed for the new budget and by considering the narrow range of goals embodied in the departures from established activities."¹⁴

"Budget approval" refers to implied, statutory, or constitutional authority to approve or disapprove proposed budgets.

"Budget review" is subsumed under budget approval and

means an implied, statutory, or constitutional authority to examine a proposed budget prior to its incorporation into an official document such as the Appropriation Act.

"Program approval" is subsumed also under budget approval and an implied, statutory, or constitutional authority to approve or disapprove elements of a budget proposed by institutions of higher education. A program may consist of one or more academic courses, department, school, or activities which exhibit a common purpose.

Methodology

Research has been conducted by three methods: the review of relevant literature; structured interviews with key personalities in the state agencies whose activities are related to budgeting for higher education; and, finally, on-scene observation in the Division of the Budget. The descriptive, ex post facto nature of this study limits the kind of research which can be conducted, and also limits some of the power of the design by the inability to randomize the selection of subjects and control any development of the hypothesis. This kind of research would be characterized as "exploratory" by Kerlinger.¹⁵ Ultimately, the research will result in a description of the progress toward more formal budgeting between 1950 and 1972, by noting the changes which occurred in the selected categories.

In a review of the literature, an abundance of materials was found in the publications of the State Council of Higher Education for Virginia and at the Division of the Budget at the Virginia State

Capitol. The Virginia State Library in Richmond and Swem Library at the Virginia College of William and Mary yielded worthwhile background materials. The offices of WICHE, the Southern Regional Education Board (SREB), and the Maryland State Council for Higher Education (MSCHE) contain still further sources of information.

With respect to observation, the writer spent one month working in the Division of the Budget in Richmond during the Summer of 1972. The expressed purpose of this endeavor was to collect data and to gain insights into the functioning of the Division of the Budget with respect to higher education.

Interviews were conducted with persons who were key figures in state educational and budgetary processes. In addition to these key figures, visits were made to various state agencies that engage in important budgetary functions, such as the Secretariate of Administration, Secretariate of Education, Comptroller, Auditor of Public Accounts, Automatic Data Processing Division, Division of the Budget, Division of Engineering and Buildings, and the State Council of Higher Education for Virginia.

Overview

It seems appropriate at this point to acquaint the reader with the organization of the remainder of the study. Chapter II will cover the historical background of budgeting in Virginia, dividing subject material into five eras: the colonial, 1607-1776; the ante bellum, 1776-1861; the post Civil War, 1866-1906; the reform, 1906-1930; and, finally, the consolidation and

refinement, 1930-1950. The main body of this study, budgeting and higher education between 1950-1972, will be contained in Chapter III. Chapter III is divided into four sections, conforming to the four categories of inquiry: philosophy, powers, structure, and interagency relations. Subtopics within each section will be mentioned as the text progresses. Chapter IV will contain the conclusions of the study.

FOOTNOTES CHAPTER I

¹The bases for these theoretical concepts are echoed throughout recent literature on higher education. A few of the more noteworthy authors who have made such statements are listed as follows: Robert O. Berdahl, Statewide Coordination of Higher Education (Washington, D.C.: American Council on Education, 1971), p. 13, and Part II; M. M. Chambers, Higher Education in the Fifty States (Danville, Illinois: Interstate, 1970), pp. 8-9, 382-93; L. Glenny, "State Systems and Plans for Higher Education," in Emerging Patterns in American Higher Education, ed. by Logan Wilson (Washington, D.C.: American Council on Education, 1965), pp. 86-87, 99; L. Glenny, et al., Coordinating Higher Education in the '70s (Berkeley, California: Center for Research and Development in Higher Education, University of California, 1971), pp. 1-13, 55-83; John Lafayette Green, Budgeting in Higher Education (Athens, Georgia: University of Georgia Business and Finance Office, 1971), chap. 4; James L. Miller, Jr., State Budgeting for Higher Education: The Use of Formulas and Cost Analysis (Ann Arbor, Michigan: Institute of Public Administration, University of Michigan, 1964), pp. 1, 6, 8-14, 21, 30, 79, 82, 150-55; J. A. Perkins, "The New Conditions of Autonomy," in Emerging Patterns in American Higher Education, ed. by Logan Wilson (Washington, D.C.: American Council on Education, 1965), p. 12; R. E. Rourke and G. E. Brooks, The Managerial Revolution (Baltimore, Maryland: Johns Hopkins, 1966), pp. 7, 14-15, and chap. 4; Logan Wilson, "Form and Function in American Higher Education," in Emerging Patterns in American Higher Education, ed. by Logan Wilson (Washington, D.C.: American Council on Education, 1965), pp. 29-37.

²The following references represent nearly all publicly listed studies dealing with the State of Virginia budgeting system in the twentieth century: Opinion expressed by J. H. Bradford in an address ("The Budget and Reorganization") at the Institute of Public Affairs, University of Virginia, August 12, 1930; J. H. Bradford, "Salient Features of the Virginia State Budget for the Biennium Ending June 30, 1948" (Richmond, Virginia: Division of Purchase and Printing, March 1, 1947); J. H. Bradford, "State Financial Procedure in Virginia" (Richmond, Virginia: Division of Purchase and Printing, 1928); Commonwealth of Virginia, Governor's Office, "Budget Classification of Positions in the State Service" (Richmond, Virginia, Governor's Office, August 2, 1939); Commonwealth of Virginia, Governor's Office, Division of the Budget, "Classifications and Instructions for the Preparation of Budget Estimates 1920-22" (Richmond, Virginia: Division of Purchase and Printing, July 1, 1919; April 1, 1929; July 1, 1939; July 1, 1941; July 1, 1949); Commonwealth of Virginia, General Assembly, Virginia Advisory Legislative Council

"Comparative Costs at State Supported Institutions of Higher Learning to Virginia and Non-Virginia Students" (a report to the Governor of Virginia, Senate Document No. 6) (Richmond, Virginia: Division of Purchase and Printing, 1943); Commonwealth of Virginia, General Assembly, Virginia Advisory Legislative Council, "Higher Education in Virginia" (a report of the Virginia Advisory Legislative Council to the Governor and the General Assembly of Virginia) (Richmond, Virginia: Division of Purchase and Printing, 1951); Commonwealth of Virginia, Governor's Office, Division of the Budget, "Personnel Analysis 1954/55" (Richmond, Virginia: Division of the Budget, 1954); Commonwealth of Virginia, Governor's Office, Division of the Budget, "Report of Budget Director Analyzing Personal Service Recommendations for 1940-42 in Comparison with 1938-40" (a report to the General Assembly of Virginia, House Document No. 17) (Richmond, Virginia: Division of Purchase and Printing, 1940); Commonwealth of Virginia, Virginia Polytechnic Institute and State University, Office of Institutional Research, "State Formulae for Higher Education: Abstracts of Methods Used in Funding Eleven Land Grant Universities," "OIR Series," Vol. V, No. 2 (Blacksburg, Virginia: Virginia Polytechnic Institute and State University, July 19, 1972); Commonwealth of Virginia, Governor's Office, Division of the Budget, "Statutes of Virginia Relating to the State Budget System and to the Duties of the Director of the Division of the Budget" (Richmond, Virginia: Division of Purchase and Printing, 1938); Commonwealth of Virginia, House of Delegates, Committee on Appropriations, "Report from the Committee on Appropriations to the House of Delegates" [as required by resolution] (Richmond, Virginia: House of Delegates, 1914); Commonwealth of Virginia, State Council of Higher Education for Virginia, "Chart of Accounts for Virginia State-Controlled Colleges and Universities" (Richmond, Virginia: State Council of Higher Education for Virginia, June, 1972); Commonwealth of Virginia, State Council of Higher Education for Virginia, "Public Higher Education in Virginia 1958-72" (a synopsis of data and observations) (Richmond, Virginia: State Council of Higher Education for Virginia, December, 1957); Commonwealth of Virginia, Virginia State Chamber of Commerce, "Virginia Budget System," Document No. 2 (Richmond, Virginia: Virginia State Chamber of Commerce, 1925); LeRoy Hodges, "Virginia's Budget Efficiency," American Industry, XXIV, 5 (December, 1923); Council of State Governments, "Budgeting by the States" [prepared for the National Association of State Budget Officers] (Chicago: Council of State Governments, 1967); LeRoy Hodges, "Virginia's War Economy and the Budget System," reprint from the Proceedings of the Academy of Political Science, VIII, 1 (July, 1918) (New York: Columbia University, 1918); J. W. Sundelson, Budgetary Methods in National and State Governments (Albany, New York: J. B. Lyon Co., 1938); E. Lee Trinkle [Governor of Virginia], "Distinctive Features of the Virginia Budget System" (Richmond, Virginia: Press of Virginia, State Penitentiary, 1922-23). [All quoted titles not accompanied by underlined publications are booklets.]

³James L. Miller, Jr., State Budgeting for Higher Education: The Use of Formulas and Cost Analysis (Ann Arbor, Michigan: Institute of Public Administration, University of Michigan, 1964), p. 170.

⁴The following references represent a selected listing of studies which may be characterized as either technical in the J. L. Miller sense, program budgeting, or management information systems. One of the chief proponents of management information systems is the Western Interstate Commission for Higher Education under whose auspices many studies have been published relative to institutional and state budgeting: James Farmer, "An Approach to Planning and Management Systems Implementation" (Los Angeles: California State Colleges, January, 1971) [booklet]; L. Glenny, et al., Coordinating Higher Education in the '70s (Berkeley, California: Center for Research and Development in Higher Education, University of California, 1971); Paul W. Hamelman, Managing the University: A Systems Approach (New York: Praeger, 1972); W. Z. Hirsch, "Program Budgeting for Education" [MR-63, U.S., Department of Health, Education, and Welfare, Office of Education] (paper presented at the 29th National Meeting of the Operations Research Society of America, Santa Monica, California, May 19, 1966) (Los Angeles: Institute of Government and Public Affairs, 1966) [booklet]; C. B. Johnson and W. G. Katzenmeyer, Management Information Systems in Higher Education: The State of the Art (Durham, North Carolina: Duke University Press, 1969); J. Keller, "Higher Education Objectives: Measures of Performance and Effectiveness," "Management Information Systems: Their Development and Use in the Administration of Higher Education" (Boulder, Colorado: Western Interstate Commission for Higher Education, October, 1969) [pamphlet]; Herman E. Koenig, "A Systems Model for Management, Planning and Resource Allocation in Institutions of Higher Education" [prepared for Western Interstate Commission for Higher Education--American Council on Education Higher Education Management, Information Systems Seminar, April 24-26, 1969] (Washington, D.C.: The Sterling Institute, 1969) [booklet]; James L. Miller, Jr., State Budgeting for Higher Education: The Use of Formulas and Cost Analysis (Ann Arbor, Michigan: Institute of Public Administration, University of Michigan, 1964); State of Maryland, Maryland Council for Higher Education, "A Framework for State Budgeting for Institutions of Higher Education" (Annapolis, Maryland: Maryland Council for Higher Education, May, 1971) [mimeographed]; Douglas Allen Stuart, "The Application of Formula and Cost Analysis Procedures to the Budgeting of Academic Departments" (thesis submitted to Michigan State University for a Ph.D., Department of Administration and Higher Education, 1966); U.S., Department of Health, Education, and Welfare, Office of Assistant Secretary (Planning and Evaluation), "Planning-Programming-Budgeting" [guidance for program and financial plan] revised February, 1968 (Washington, D.C.: Government Printing Office, revised April 17, 1968) [booklet]; U.S., Congress, Joint

Economic Committee, "The Analysis and Evaluation of Public Expenditures: The PPB System" (a compendium of papers submitted to the Subcommittee on Economy in Government of the Joint Economic Committee, Vol. 3, Parts V and VI) (Washington, D.C.: Government Printing Office, 1969) [booklet]; U.S., Congress, Joint Economic Committee, Subcommittee on Economy in Government, "Innovations in Planning, Programming and Budgeting in State and Local Governments: A Compendium of Papers" (Washington, D.C.: Government Printing Office, 1969) [booklet]; U.S., Congress, Senate, Committee on Government Operations, "Planning, Programming, Budgeting" [hearings before the Subcommittee on National Security and International Operations of the Committee on Government Operations, 91st Cong., 1st Session, Part 5, held December 10, 1969] (Washington, D.C.: Government Printing Office, 1969) [booklet]; Western Interstate Commission for Higher Education, "Program Budgeting at Micro-U," prepared by Robert A. Huff [a Western Interstate Commission for Higher Education Management Information Systems Training Document supported by the U.S. Office of Education, Bureau of Research, Division of Higher Education Research] (Boulder, Colorado: Western Interstate Commission for Higher Education, January, 1970) [booklet]; Western Interstate Commission for Higher Education, National Center for Higher Education Management Systems, "Program Classification Structure," prepared by W. W. Gulko (preliminary edition, rev.) (Boulder, Colorado: Western Interstate Commission for Higher Education, February, 1971) [booklet]; Western Interstate Commission for Higher Education, "Outputs of Higher Education: Their Identification, Measurement, and Evaluation" (papers from a seminar held at Washington, D.C., May 3-5, 1970, conducted by the Western Interstate Commission for Higher Education in cooperation with the American Council on Education and the Center for Research and Development in Higher Education at Berkeley) (Boulder, Colorado: Western Interstate Commission for Higher Education, July, 1970) [booklet]; Western Interstate Commission for Higher Education, National Center for Higher Education Management Systems, "Overview of the Cost Estimation Model" (Boulder, Colorado: Western Interstate Commission for Higher Education, April, 1971) [booklet]; Western Interstate Commission for Higher Education, National Center for Higher Education Management Systems, "Micro-U II" (a body of hypothetical institutional data to be used in National Center for Higher Education Management Systems training exercises) (Boulder, Colorado: Western Interstate Commission for Higher Education, December, 1971) [booklet]; Western Interstate Commission for Higher Education, National Center for Higher Education Management Systems, "Micro-U II Chart of Accounts to the Program Classification Structure" [illustrative Program Classification Structure crossover] (Boulder, Colorado: Western Interstate Commission for Higher Education, April, 1971) [booklet]; Western Interstate Commission for Higher Education, National Center for Higher Education Management Systems, "Micro-U II Sample Data for the Cost Estimation Model" (Boulder, Colorado:

Western Interstate Commission for Higher Education, February, 1971) [booklet]; Western Interstate Commission for Higher Education, "Inventory of Educational Outcomes and Activities," prepared by Robert A. Huff [preliminary field review edition, Technical Report 15] (Boulder, Colorado: Western Interstate Commission for Higher Education, Planning and Management Systems Division, January, 1971) [booklet]; Western Interstate Commission for Higher Education, "Higher Education Facilities Planning and Management Manuals," Manuals 1-7 (Boulder, Colorado: Western Interstate Commission for Higher Education, May, 1971) [booklets]; Western Interstate Commission for Higher Education, "Higher Education Faculty and Staff Assignment Classification Manual," prepared by W. John Minter [National Center for Higher Education Management Systems in cooperation with the College and University Personnel Association, under contract with the National Center for Education Statistics, Contract No. OEC 0-70-4313 (521)] (Boulder, Colorado: Western Interstate Commission for Higher Education, June, 1971) [booklet].

The following references represent a selected list of recent dissertations of which only the abstracts have been reviewed to evaluate their content. The abstracts and titles strongly suggest the technical nature of the studies in the sense defined by J. L. Miller: D. E. Bartch, "An Examination of the Implementation of a PPBS in a Community College" (unpublished Ph.D. dissertation, Wayne State University, 1970), Dissertation Abstracts International, Vol. 32, Pt. 1 (July-August, 1971), p. 192A; G. M. Dunaway, "A Study to Develop a Formula for Distribution of State Funds to Junior Colleges Based on a Cost of Programs in Selected Junior Colleges" (unpublished Ed.D. dissertation, Auburn University, 1969), Dissertation Abstracts International, Vol. 30, Pt. 3 (January-March, 1970), p. 3672A; W. W. Gulko, "A Generalized Structure for Classifying and Costing Higher Education Programs" (unpublished Ph.D. dissertation, University of Minnesota, 1970), Dissertation Abstracts International, Vol. 32, Pt. 1 (July-August, 1971), p. 197A; W. R. Jacobs, "An Instructional Cost Analysis in the College of Liberal Arts at Arizona State University" (unpublished Ph.D. dissertation, Arizona State University, 1971), Dissertation Abstracts International, Vol. 32, Pt. 2 (September-October, 1971), p. 1296A; W. F. McCanna, "College and University Planning, Programming and Budgeting: Criteria for Definition of Programs and Program Elements" (unpublished Ph.D. dissertation, University of Wisconsin, 1969), Dissertation Abstracts International, Vol. 31, Pt. 1 (July-September, 1970), p. 590A; G. E. Shagory, "A Planning Program Budget System Model for a College within a University Decision-Making Environment" (unpublished Ph.D. dissertation, University of Florida, 1971), Dissertation Abstracts International, Vol. 32, Pt. 1, No. 12 (June, 1972), p. 6614A; D. R. Witmer, "The Value of College Education: A Benefit-Cost Analysis of Major Programs of Study in the Wisconsin State Universities" (unpublished Ph.D. dissertation, Wisconsin State University, 1971), Dissertation Abstracts International, Vol. 32, Pt. 2 (September-October, 1971), p. 1308A.

⁵State of Maryland, Maryland Council for Higher Education, A Framework for State Budgeting for Institutions of Higher Education (Annapolis, Maryland: Maryland Council for Higher Education, May, 1971), pp. 1-70.

⁶Council of State Governments, Budgeting by the States (Chicago: Council of State Governments, 1967), Parts I-VI.

⁷Miller, op. cit., pp. 38-41, 46-47.

⁸R. O. Berdahl, Statewide Coordination of Higher Education (Washington, D.C.: American Council on Education, 1971), Part II.

⁹Allen Schick, Budget Innovation in the States (Washington, D.C.: Brookings Institution, 1971), pp. 3-8.

¹⁰A. Wildavsky, The Politics of the Budgetary Process (Boston, Massachusetts: Little, Brown & Co., 1964), p. 1.

¹¹Schick, op. cit., p. 4.

¹²Ibid., pp. 4-5.

¹³Ibid., p. 5.

¹⁴I. Sharkansky, Public Administration (Chicago: Markham, 1970), pp. 56-57.

¹⁵Fred N. Kerlinger, Foundations of Behavioral Research (New York: Holt, Rinehart, and Winston, 1964), p. 388.

CHAPTER II

HISTORICAL BACKGROUND

Budgeting in Virginia has existed to one extent or another since the early days as a colony. The development of the budgeting process has set some precedents for present philosophy, powers, structure, and interagency relations. The development of the budgeting process during five historical periods will be described in this chapter.

The Colonial Period, 1607-1776

A very rudimentary process of budgeting seems to have been envisioned by the early founders of the Virginia colony. An early charter established the authority of a " . . . treasurer, council, and company of adventurers and planters for the city of London for the first colony of Virginia."¹ The specific mention of a treasurer suggests the concern over some formal control mechanism over the finances of the new colony. Also, the early governors were charged with the responsibility of signing warrants and executing laws promulgated by two councils--a council of State and General Assembly. The laws of the two councils were subject to ratification and confirmation by the company in London.² Foundations were thereby laid for control and management of budgetary and financial affairs.

The documentation of the statutes at large does not reflect

much about the development of the system of finances used during the colonial period, so inferences must be drawn from other sources and from the state of the art at the close of the period. In this regard, a rudimentary system had evolved to provide for the payment of public debts and raising revenues. The formal emphasis was laid on raising revenues by tax laws. Paying public debts seems to have been accomplished by ad hoc claims to the treasurer, auditor, or a similar office, and few full-time governmental offices were maintained. The philosophy of the least governance and least expenditure seems to have prevailed. The budgetary process reflected the philosophy, structure, powers, and intergovernmental relations of the times and the process was informal and largely ad hoc.

The Ante Bellum Period, 1776-1861

By the time of the Revolution, the experience with finances had grown. The State Constitution and Statutes began to reflect a higher sophistication. More formal measures appeared. The function of auditing was formally provided in the statutes of 1778 and has continued in force until the present time.³ The specific duties and number of auditors performing auditing functions varied over the years,⁴ but, by 1819, two auditors were charged jointly with the treasurer to prepare annual reports of receipts and expenses of the previous year, make recommendations for taxes and revenues, and issue warrants.⁵ The role of the auditor was further enhanced by the treasurer submitting an annual list of payments made under the

authority of the warrants from the auditor. In like manner, the auditors' and treasurer's offices were placed under the specific supervision of an Executive Committee, which was appointed by the General Assembly, but reported to the Governor.⁶ The Executive Committee provided continuity of government between legislative sessions and may be viewed as the precursor to the executive departments of government as generally conceived today, although governmental executives were appointed by the legislature during this period. The most direct semblance of the modern budgeting process can be noted in the duties of the Auditor of Public Accounts, who was formally charged in 1818, as follows:

. . . to digest, prepare, and lay before the General Assembly, at the commencement of every session, a detailed report on the subject of finance, containing estimates of the public revenue, and public expenditures, and plans for improving or increasing the revenues from time to time.⁷

At approximately the same time, elements of higher education began to assume a role in Virginia State finance and budgeting. In 1810, a Literary Fund was established to encourage education.⁸ Various monies have been placed in its care over the years, some of which have been borrowed by institutions of higher education. However, proceeds of the Fund were more generally used for elementary and secondary education. Over the years, quite regularly the General Assembly has appropriated money for this fund. At the same time, the General Assembly made special provisions for higher education. In 1819-1820, provisions were made to reimburse Mr. Jefferson's University of Virginia fifteen thousand dollars each year, and, in

1841-1842, the Virginia Military Institute (VMI), fifteen hundred dollars each year.⁹ In earlier acts, monies had been appropriated for the purchase of lands (1660-1661) and the upkeep of the College of William and Mary, Hampden-Sydney, and others.¹⁰

Even though there appears to be a semblance of a budgetary process, examples of the estimates prepared by the First and Second Auditors for the fiscal year 1850 indicate how rudimentary the budgetary process was at that time in comparison with the budget today. The two estimates totaled four pages and consisted of a general list of activities divided into expected receipts and disbursements. Since executive functions of states were still quite limited, a simplified listing seemed adequate for a budget. However, in 1833, a sinking fund was established to redeem the State's growing debt. The debt was created by the State's heavy investment in railroad, canal, and turnpike developments to open her Western lands.

The Post Civil War Period, 1866-1906

The War between the States (1861-1865) brought new pressures to bear on budgeting. Emerson notes that, in 1866, the Virginia legislature chose to honor all its ante bellum debts.¹¹ Financing this debt placed a heavy burden on the State for decades afterward. The burden of debt left meager margins of revenue to be expended on governmental services, especially public higher education. It was necessary for state legislators and officials to appropriate monies scrupulously until economic conditions for the State improved around

the turn of the century (1900). During this period, the values of efficiency and economy became a revered tradition which has lasted to the present day in State budgetary process.

The demands of higher education had not been great prior to the War, since the primary beneficiaries of State support had been the University of Virginia (1819), and Virginia Military Institute (1839). However, the Constitution of 1869, which enabled Virginia to reenter the Union, inaugurated new State commitments to public education at all levels. It gave the proceeds of the Literary Fund, a capitation tax, and mill tax on property to the public free school system (elementary and secondary). It also required the development of normal and agricultural schools (taking advantage of the Morrill Act of 1862), and it reaffirmed the requirement for appropriated monies to be authorized by law. These provisions of the Constitution forced the legislature to budget for institutions of higher education in a different fashion. It became the custom to provide annuities for such institutions. As time progressed other institutions of higher education were added to the payroll: Richmond Medical College (1866--later Medical College of Virginia), Virginia Agricultural and Mechanical College and Polytechnic Institute (1877), the Virginia Normal and Collegiate Institute of Petersburg (1882), the State Normal School for Women at Farmville (1884), and the normal school at the College of William and Mary (1888).

Some budgetary innovations were introduced to help in the financial management of the State. First, in 1871, appropriation

payments were made to VMI on the basis of one-quarter, one-half, and one-quarter of the allocation at corresponding periods throughout the budgetary year. Second, in 1886, the Second Auditor was required to submit quarterly reports to the Governor regarding the status of the State debt and various funds under his care, such as the Literary and Sinking Funds. Third, in 1890, payments of appropriations were placed on a monthly installment basis. (The monthly installments remained the accepted basis until after passage of the Budget Act in 1918 when quarterly allocations began.) Last, in 1904, the legislature realigned the fiscal year to conform with the appropriation year (March 1st to February 28th).

This last measure may have been inspired by the growing intensity for fiscal reform, reflected previously in a legislative resolution in 1901 establishing a commission to investigate methods of handling state monies and recommend a more business-like and uniform system. Emerson reports that complaints over duplication and inefficiencies in higher education began as early as 1891.¹² However, the impact of such complaints seemed routine until the absorption of the whole College of William and Mary into the system of State-supported institutions of higher education [1906] and establishment of the three Normal Schools between 1908 and 1910 (Harrisonburg [1908], Fredericksburg [1908], and Radford [1910]).

The Period of Reform, 1906-1930

The period of reform may be viewed as starting with three

distinctive events: the formation in 1906 of an Auditing Committee of the State legislature; the first attempt to establish a State Accountant; and passage of a Senate resolution to examine fiscal management in State institutions. The resolution died in the House of Delegates, but indicated the strong sentiments for reform. At the next session of the legislature in 1908, the Auditing Committee submitted its first report recommending the complete reconstruction of the State system of accounting consolidated under a competent expert accountant in one Bureau of Audit.

Other budgetary measures were transacted in 1908. First, the legislature levied the requirement for monthly reports of disbursements of appropriated funds. Then, the General Assembly passed a resolution charging the Senate Finance Committee to meet thirty days before the regular session for the purpose of preparing the appropriation bill.¹³ The Committee was also charged " . . . to hear the heads of various State institutions."¹⁴ In effect, the Senate Finance Committee served as the executive agent for the appropriation (budget) bill. A peculiarity appeared in this resolution, which suggests the conservative nature of budgetary and financial thinking in Virginia. Only after passage of the main appropriations bill could separate bills for increases, salaries, and annuities be introduced, so that " . . . each item . . . may be considered on its merits by the General Assembly."¹⁵ Such special bills were also required to be prepared by the Finance Committee. Such procedures further suggest a lack of uniformity and overview of the appropriations process.

However, the resolution indicates a recognition of some of the basic problems in budgeting for a modern state.

The reforms continued. In 1910, Governor Claude A. Swanson recognized the " . . . need for a well-equipped accounting department" which would be " . . . authorized to prepare a proper and scientific system of bookkeeping for the various State departments and institutions."¹⁶ An Act of the legislature was passed on March 14, 1910, requiring a uniform system of bookkeeping and accounting to be developed under the supervision of a newly-created official, the State Accountant.¹⁷ The Act constituted an important step in the modernization of Virginia's budgetary process. Two more steps were taken in 1912; the same Governor encouraged the audit of special funds on a regular basis, matching itemized bills with warrants, and, secondly, initiated a guide for the preparation of the appropriations bill of 1912.¹⁸ These steps were also important to budgeting because they were designed to bring the accounts into a state of comparability, where comparability would be a keynote to efficiency, economy, reduction of duplication, and arithmetic or mathematical allocation of resources. The State Accountant noted progress during 1913 and 1914 toward establishing uniform accounting systems in State institutions,¹⁹ Governor Stuart in his inaugural address in 1914, reiterated the need for a uniform accounting system and an itemization of receipts and disbursements.²⁰

In higher education, pressures for budgetary reform were also being experienced. In 1908, a commission was formed to devise stable

methods for the maintenance, management, and expansion of educational institutions. Although originally charged to report to the legislature in 1910, the commission did not submit its report until 1912. Among other recommendations the Commission (named the Virginia Education Commission) recommended that institutions chartered by the State be supervised by the State Board of Education. It also recommended that the two medical schools (The Medical College of Virginia in Richmond and the medical school of the University of Virginia in Charlottesville) be united. This union was proposed in the interest of closer coordination and elimination of duplication. In 1914, the State normal schools at Farmville, Harrisonburg, Fredericksburg, and Radford were placed under the supervision of a Board of Virginia Normal Schools. The Board was charged with safeguarding the State funds and distributing appropriations of these schools in a careful and economical manner, and preventing insofar as possible unnecessary duplication of work. The Board was also specifically empowered to prepare all budgets to be presented to the legislature on behalf of the State Normal Schools. The net effect divided the institutions of higher education into three groups, with respect to budgeting: the normal schools, the independents, and one under the Board of Education. This condition lasted until organization reforms in the 1940s and 1960s.

Also, in 1914, the House Appropriations Committee passed a resolution requiring institutions of higher education to submit itemized estimates for appropriations, rather than a consolidated

statement as previously had been the custom.²¹ Two years later, Governor Stuart again focused attention on higher education and a uniform accounting system when he acknowledged the possibility of duplication in institutions of higher learning.²² These allegations led to the reform of 1918, and the emphasis upon efficiency which has persisted as a philosophical platform for economy-minded legislators, governors, and other public servants from that day until the present. The principle of efficiency has undergirded most attempts to modernize the budgetary process.

Against this background, Governor Westmoreland Davis campaigned for uniformity and efficiency in administration and recommended the adoption of an "executive budget."²³ The governor was reinforced by the findings of the Tax Commission in 1914 and the Commission on Economy and Efficiency which had been created by the General Assembly in 1916.²⁴ In 1918, the Economy Commission recommended that the " . . . one thing that would do more than anything else to place the State government of Virginia on a more business-like basis would be the introduction of a modern budget system."²⁵ At a later date, Senator Garrett characterized executive budgeting as follows:

. . . As an instrument of good government, it has been said that the budget is a means of getting before the legislative body, which has the control of the treasury, a well-considered plan with all the information needed to determine whether the plan should be approved before the funds are made available for its execution. On the other hand, the budget, as a process of government, is a procedure for insuring complete accountability for past grants, and for requiring those whose future acts are to be controlled to assume full responsibility for preparing, explaining and defending

their plans and proposals for future grants.²⁶

The Budget Act of 1918

The Virginia Budget Law of 1918 vaulted Virginia into the vanguard of modern state governments. The budgetary reforms occurred as an integral part of a general governmental reform movement at state levels. The general movement was characterized by strengthening the position of governors as chief executives, making government efficient and business-like through the principles of scientific management which was then being studied and applied at prominent points in the academic and business worlds.

The provisions of the Budget Act and its early refinements have circumscribed the budget process in Virginia ever since and have significantly influenced the extent to which Virginia developed toward formal budgeting methods for higher education. The main features of the 1918 Act shed light on the philosophical environment, powers, structure, and interagency relations since then. First, the idea of a formal budget was clearly precipitated by governors and legislators who aimed at economical administration in government. Second, the authority and responsibility for preparing and executing the budget was vested in the Governor as the chief executive officer, replacing the Senate Finance Committee in this regard. Third, the supportive and extensive role of the Auditor of Public Accounts (APA) was directed on behalf of the Governor, even though the APA was elected to office by the General Assembly. The APA was charged with furnishing financial statements and balance sheets of past revenues and

expenditures for the State. Fourth, all state agencies and institutions were charged with submitting estimates of expenditure to the Governor on a biennial basis. Also, estimates were required to be itemized in a uniform format, directed by the Governor. Fifth, the Governor was charged with presenting the complete financial status of the State to the General Assembly along with the budget. Sixth, the General Assembly allowed itself the powers to increase or decrease appropriations in the interest of economy and efficiency in the public service. Seventh, the Governor was charged with surveying all agencies and institutions biennially in order for him to possess a " . . . working knowledge upon which to base his recommendations to the General Assembly."²⁷ Finally, the Governor was to provide for public hearings on the budget.

The first two formal Budgets and accompanying Budget Bills were submitted to the 1920 and 1922 legislatures. The budgeting experience during these first two biennia crystallized the need for a separate budget staff, which the General Assembly authorized by law in the 1922 session, under the encouragement of Governor E. Lee Trinkle.

In spite of the hopeful anticipation for the budgetary system at its inception, the State Accountant reported in 1919 that various departments and institutions had not been following the classifications of accounts required under the budget law.²⁸ The value of the new budget system was being undermined by an " . . . archaic and inadequate accounting system and by a somewhat haphazard and

decentralized departmental organization."²⁹ These conditions accentuated the following defects: inadequate control, inadequate data, multiplicity of disbursing agencies, uncoordinated and inadequate pre-audit procedure, forty-eight departmental bank accounts, no uniform rules for revenue payment to the State Treasury, lump sum disbursements to spending agencies, unauthorized salary increases, and evasions of central purchasing.³⁰ Recommendations for simplifying Virginia State government had been recommended by the Commission on Economy and Efficiency in 1918. In 1921, the Virginia Conference on Governmental Efficiency had recommended a commission to study the matter further, and a commission on simplifying state government was formed.³¹ Governor Westmoreland Davis had also recognized these deficiencies in 1922 and had recommended " . . . that a commission be appointed on the administrative reorganization of State government in Virginia."³² The persistence of these problems precipitated the next wave of major reforms which were championed by Harry F. Byrd, Sr., first as a State Senator and later as Governor.

State Reorganization of 1928

As a prelude to the reorganization of state government in 1928, two studies were conducted. The first study was prepared by the Bureau of Municipal Research of New York. The Bureau, an independent research organization, had been engaged by the legislative Committee on Consolidation and Simplification of State Government to survey the organization and management of the State government of Virginia.

Shortly thereafter, a similar report was entered on the public record as "The Report of the Citizens Committee on Consolidation and Simplification in State and Local Government." The two reports generally agreed on most measures for reorganizing State government to correct the aforementioned deficiencies. These measures included: consolidation of the eighty-five- to ninety-five-administrative agencies (the two reports differed on actual numbers of agencies) into twelve departments, centralization of administratively decentralized State bank funds to be controlled by the Treasury, all disbursements and revenues of State monies to be controlled by the Treasury, elimination of all special revenue funds into the General Fund, establishment of preauditing of all disbursements of State monies in the Comptroller's Office, establishment of an accrual accounting system to replace the extant cash system, establishment of an accounting classification system based on numerical identifiers rather than alphabetical identifiers (for expenditures and revenues, to make the system more highly adaptable to punch cards and other modern accounting machinery), establishment of a quarterly allotment system for budgeted monies, reestablishment of postauditing under the control of a reconstituted APA and under the surveillance of the General Assembly,³³ establishment of corresponding fiscal and budget periods (July 1--June 30), management of state personnel by the Division of the Budget, and reduction of the volume of annual reports by the Division of the Budget. Not all the suggested reforms could be instituted. For instance, the General Assembly balked at consigning all Special funds

to the General Fund. The Special funds consisted of revenues raised by agencies during the course of their activities which the General Assembly permits the agencies to retain for their own activities, hence, special funds are not budgeted for other agencies. Governor Byrd reported in 1930 that all special funds had been abolished, except gasoline and motor license taxes, and insurance, fish, and game licenses.³⁴ Although a Division of Treasury was established under a Department of Finance, a Commissioner of Finance was not appointed. The net effect of the reorganization centralized financial and fiscal control of public monies into the hands of the Governor. After the reorganization, the Governor could receive daily reports on the cash balance in the State Treasury. He could identify the status of revenues and expenditures monthly and control budgetary expenditures quarterly through allotments or through capital outlay adjustments. Each of the major fiscal reforms aided the budgetary process in some manner.

The powers to effect this monumental reorganization required legislative action and some Constitutional revisions requiring a special session of the General Assembly in 1927, more detailed work in the 1928 legislative session, a referendum in 1928, and further refinements in the 1930 legislative session.³⁵ However, the bulk of the reforms had been instituted by March 1, 1928, the effective date of the revised accounting system, leaving the Constitutional referendum to change the role of the APA and revise the appropriations year to conform to a July-June fiscal year.

The structural changes, relevant to this study, grouped nearly all financial functions under the Department of Finance with four Divisions: Accounts and Control, Treasury, Purchase and Printing, and Motor Vehicles. The Division of Accounts and Controls was headed by the newly designated Comptroller and absorbed functions formerly performed by the Auditor of Public Accounts. The Auditor of Public Accounts was given the postaudit functions of the State Accountant, and the office of State Accountant was abolished. A Department of Taxation was kept separate to avoid conflict of interest between the collectors and the auditors of revenues. The Division of the Budget was retained in the Governor's Office in accord with the Citizens Committee Report but in contrast to the Bureau of Municipal Research which recommended placing the Division of the Budget under the Department of Finance.

So far, the discussion of the 1928 reorganization has centered on financial and budgetary developments. However, some noteworthy attention was given to higher education. Governor Byrd set the philosophical tone in his inaugural address when he said that,

I will be frank to note an impression [by the public] that I am not alive to the value of our higher institutions of learning. This impression is erroneous . . . But the state can do no more than her revenue will permit, and a nice sense of the comparative importance of demands for money to each must be exercised. As with all other state departments, the schools and the higher institutions must be expected to show efficiency in financial management, in practical administration, as well as in instructional service.³⁶

The emphasis on control and management of institutional finances is clear. The function of planning is implied at both institutional and

state level in order to economize expenses and optimize use of resources. These critical attitudes may have been created by conditions discovered during the investigations prior to the 1927-1930 reorganizations. One such investigation, the report of the Bureau of Municipal Research, had scored the institutions rather severely for poor administration and accounting systems, recurring deficits, and varied and noncomparable costs per pupil. The Bureau also criticized the State for a poor teacher pension program and a fiscal policy which rejected bond authorizations for much needed revenue.³⁷ To remedy the situation the Bureau recommended that the institutions of higher learning be placed under a Board of Education with all other educational institutions. Although the proposed plan would have allowed each institution to retain its respective Board of Visitors, the consolidation was expected to bring the colleges under sound fiscal and financial control. A different study covering higher education was submitted to the General Assembly in January, 1928, as a result of the Commission to Survey the Educational System of Virginia. The report noted the same discrepancies about administration and management as reported by the Bureau. However, their recommended solution was different. The Commission recommended that a chancellor of higher education be created with powers to study the needs of higher education in Virginia and avoid duplication by consultation between institutions of higher education; to ensure uniform admission standards; to represent the cause of higher education; and to examine budgets submitted to the Governor, indicating recommendations to each

item for " . . . the Governor and Director of the Budget, and thus assuring development of a single unified system of higher education in the state."³⁸

Gerber reported the reactions to the second study (the O'Shea Report) as follows:

. . . a storm of protest erupted. The protest was not directed simply at the proposal for a Chancellorship, but at all of the Commission's proposals for higher education in general . . . Of all the Commission's statements and recommendations, the most offensive seemed to be the charges of duplication and inter-institutional strife and the proposal to ease the Virginia Military Institute into private status. . . .³⁹

He further described the opposition from the leading newspapers, the presidents of public colleges, the General Assembly (when acting on legislation to implement the recommendations), and Governor Byrd.⁴⁰ Instead of a Chancellor with the power to examine budgets, the legislature passed a bill charging the heads of "tax-supported institutions of higher education" to confer with all interested parties to coordinate educational activities and eliminate unnecessary duplications. The presidents were also charged to report a plan for coordination of higher education.⁴¹

The dilution of the recommendations of the two reports by the subsequent legislation depicts the philosophy of the institutions of higher education toward any form of state control over their affairs including budgeting. The independence and voluntary nature of institutional activities was preserved for nearly three decades after the challenge in 1928.

Governor Byrd summed the general philosophy toward higher

education when he addressed the General Assembly in 1928 as follows:

I endorse the suggestions to eliminate, so far as possible, duplications in specialized courses in our colleges and am impressed with the improvements recommended in economies, business management and accounting systems of the institutions. I believe this Assembly can and should act upon these recommendations. . . . I also favor a reasonable increase in the tuition fees in the higher institutions of learning, with the establishment of loan funds so that no deserving boy or girl will be deprived of a higher education because of lack of funds. . . . While the higher institutions should coordinate their activities, I do not think Virginia is ready at this time to adopt the recommendation for the creation of the new office of chancellor of higher education.⁴²

Governor Byrd's recorded views on higher education remained the same for the remainder of his term of office. The groundwork laid by the reforms enacted during Governor Byrd's administration circumscribed the philosophical environment, the powers, structure, and interagency relations for budgeting and higher education until the post-World War II era.

The combination of the Budget system of 1918 and the Reforms of 1927-1930 gave the State of Virginia high ranking as a modern state government of the day. A number of years were to pass before the accounting and budget classification system was refined, especially in colleges and universities, where wide variations persisted in the interpretation of classifications. The blending of the budgetary and accounting systems formed the most basic step in bringing a comparability to the financial transactions of the institutions and the budget. A firm attempt to refine these classifications and to accommodate the peculiar needs of higher education might have aided state budget authorities in better accomplishing their commitment to a

pay-as-you-go and control philosophy. Refinement also might have eased the lot of the many ad hoc committees which sought comparable data from the institutions.

The powers affecting budgeting and higher education were contained in the statutes and Constitution, governing the Division of the Budget, Department of Finance (Division of Accounting and Control), and the Auditor of Public Accounts. While the Constitution and statutes outlined the framework of the budgetary process, the actual functioning of it involved a much more intricate structure and interrelationship than those agencies established by statute. For instance, at least as early as the first budget under Governor Westmoreland Davis, the Governor assembled a group of legislators to advise him on budgetary matters. This procedure, not required by the Constitution or statutes, has become one of the most enduring in the history of formal budgeting in Virginia. In later years, this process was expanded to include businessmen in a separate group commonly referred to as the Business Advisory Group, which was concerned primarily with estimates of revenues.

Another structural phenomenon which affected the development of budgeting lay in the politics of the legislative committee system. Differences existed between the two chambers in the manner of considering the budget. For instance, the House Appropriations Committee sometimes divided itself into subcommittees; at other times, it considered the budget as a committee-of-the-whole. In similar fashion, the Senate Finance Committee chose the one method or the other.

Another facet of the Committee system involved the character of each committee. Appointments to committees rested on a combination of factors heavily weighted in favor of seniority and status in a particular legislative chamber. The same was true of a committee chairmanship. These factors brought to bear a discrete and unique set of dispositions to each committee dealing with the budget. In addition, legislators normally sat on more than one committee, and this added another set of dispositions or perspectives which were brought to bear on the budget. Relatedly, the strong one-party political system in the State of Virginia until approximately 1965 brought a high degree of unity to the politics between the executive and legislative branches. More unity of purpose seems to have existed in Virginia on basic issues than in multiparty states. Therefore, when the disposition of the party leadership was conservative relative to fiscal and financial policy, the membership followed suit. As a result, philosophies and policies were more easily perpetuated in Virginia than other states.

Still other structures influenced budgeting and higher education. First, the Virginia Advisory Legislative Council, formed during the 1930s, was composed of legislators selected by legislative leaders. The council conducted studies on specific topics assigned by the legislature. The council members normally conducted their investigations between sessions, providing a certain continuity to the legislature. These council services developed the expertise of legislative members in certain fields of interest. Note must be

taken, however, of the conservative outlook of the council. Once again, similar to the committee system, the members generally reflected the predispositions of the legislative majority leadership, which were traditionally conservative. The council conducted some studies on higher education and the recommendations reflected the general attitudes of the legislative leadership. The studies usually embodied proposed drafts of bills for legislative action and the final legislative actions often closely resembled the recommendations in the studies. The council conducted studies on costs, tuitions, admission policies, and so forth. By these studies the council indirectly influenced the budgetary process of higher education and continues to do so.

Another group deserves brief mention at this point. Various commissions were authorized by the legislature from time to time. Several commissions have already been mentioned. Their role as a structural influence on budgeting may already be clear, but their impact was so important that reemphasis is very much in order. These commissions were usually composed of legislators who conducted their investigations themselves or engaged outside consultants, as was seen previously with the Bureau of Municipal Research.

Next, in place of a standing committee, at times ad hoc committees were formed by the legislature to investigate special conditions. Along similar lines, there were standing committees other than the Appropriations and Finance Committees which have influenced the budgetary process. For example, the Senate Committee on Economy

has already been cited for its impact on the philosophical outlook of the legislature on the higher education.

In the executive branch, some other agencies, not already mentioned, influenced the budgetary process; the Tax Commission (Department of Taxation, after the 1927-1928 reorganization) played an indirect role in the budget process by finding better ways of eliciting revenues to meet the budget appropriations. For instance, during the reorganization of 1927-1928, the method for collecting delinquent taxes was revised and yielded immediate positive results. Similarly, in 1933, a State Planning Board was formed; its role is not clear from documentation on hand, but Governor Price mentioned its contribution to budgetary planning in cooperation with the Division of Budget, Council of Public Administration, and Advisory Legislative Council.⁴³

Next, the heads of institutions themselves provided a tremendous impact on all phases of budgeting. Institutional heads have usually cultivated political personalities to favor their educational causes. The references to institutional competition for appropriations bears testimony to this force. During the time frame presently being considered, the reform era of 1927-1930, the heads of institutions had not formed a homogeneous group. However, in the next era, by the end of World War II, they had formed a loose voluntary coalition commonly known as the Council of Presidents of State-Aided (or Supported) Institutions of Higher Learning (later Colleges and Universities).

Related to the Council of Presidents (COP) was the Department

of Education and its administrative head, the Superintendent of Public Instruction (SPI). During the time frame under consideration, the SPI supervised the budgeting of colleges under its jurisdiction and continued in that capacity until the 1960s. Even though the SPI lost his elective status during the 1927-1930 reforms, the SPI was an official, or ex-officio, member of almost every important body dealing with higher education. Between 1914 and 1938, the normal schools were budgeted by the Virginia Normal School Board (later named the board of State Teachers Colleges in 1924). Then they were again placed under the control of the State Board of Education until the reforms of the 1940s and 1960s.

Last, occasionally nongovernmental groups made significant contributions to the budgetary process. An example of such a structure, already cited in this study, is the Citizens Committee on Consolidation and Simplification in State and Local Government. Later in the study, examples of other nongovernmental agencies contributing to the process will arise. One of the most common forms was the outside consultant, who conducted studies for the Governor or State agency other than an established commission or committee. The William H. Stauffer study in the mid-1930s on education costs, scholarships, and student loans represented one example. The Dr. Charles R. Duke study on reorganizing the State government in 1948 represented another. Among other matters, Duke made some poignant observations about higher education coordination. Another type of nonpublic structure could be seen in the interest group commonly titled the Council on State Legislation.⁴⁴

It consisted of a group of representatives from approximately twenty-seven organizations operating in the State of Virginia. In the mid-1930s, this organization was formed for the express purpose of making its political weight felt on issues of common interest. Its relation to higher education and budgeting was more direct than commonly supposed, because whenever a new institution is proposed or desired, numerous businessmen support or promote the idea. Newspaper accounts indicate that most prominent politicians were honored to address this organization. The list of honorees included Governors, legislators (especially members of the Virginia Advisory Legislative Council [VALC]), Executive Department heads, judges, and others.

The foregoing structures indicated their general relational pattern to the budgeting process. Some of the discourse may appear remote to formal methods in budgeting for higher education, but the structures cited emphasize the complex forces at work in the budget process. This complexity often tended to impede progress toward more formal budgeting.

The Period of Consolidation, 1930-1950

The general economic condition of the country circumscribed all educational and budgeting activities during the Depression of the 1930s. Then, the participation in World War II influenced these activities through the first half of the 1940s. Following the War, the postwar reconstruction played its role in the last half of the 1940s.

The prevailing philosophy of budgeting in the State of Virginia was felt as much in higher education as in any other state activity. The traditional pay-as-you-go, economy-efficiency-oriented approach to the allocation of resources prevailed along with the traditional normative methods of establishing budgetary priorities, where highway development seemed to be the chief concern. Resources were scarce, because of the reduced economic activity and consequent reduced state revenues during the Depression of the 1930s.⁴⁵ One indication regarding the priority of higher education is revealed in a report of the Senate Committee on Economy which stated in 1933 that,

. . . Upon a study of the proportionate total of the appropriations in Virginia, the Committee finds that too large a part of the total appropriations is being allotted to the higher educational institutions when compared to the amount received by the public free schools . . . and is much larger proportionately than the amount appropriated by many of the other states for the same purpose.⁴⁶

In order to survive, institutions sought capital outlay funds from Federal sources such as the Public Works Administration (PWA), receiving in return large grants and loans for self-liquidating projects.⁴⁷ In 1940, the institutions were still being asked to hold state capital outlay requests to the minimum, and were encouraged to raise tuitions in order to reduce the strain on general fund appropriations.⁴⁸

For the most part, the institutions of higher education operated quite independently as in previous times, with two exceptions. First, in 1938, the State Normal Schools were placed under the supervision of the State Board of Education and budgeted much the same as

under the Board of State Normal Schools. Next, during the administration of Governor James H. Price, the chief executive tried to enlist the support of the executive officers of state-supported institutions of higher learning in formulating a long-term program and policy for higher education to encompass the needs of the whole Commonwealth of Virginia. He thought this could be achieved by the cooperative and coordinated efforts of a council of executive officers, whose joint policies could be translated into the budgetary mechanism. Thoughts about an overall coordinating mechanism were also considered, but discarded.⁴⁹

Then, the War years intervened and abnormal conditions disrupted budgets and the institutions of higher education. Immediately following World War II, the state government attempted to return to former traditions but found new forces affecting budgeting and higher education. Demands on higher education by veterans under the Serviceman's Readjustment Act (GI Bill) (1944) coupled with a burgeoned bureaucracy and increased social demands militated toward modernization. So the legislature resorted to its time honored tactic of creating a study commission in 1946 for reorganizing the state government (the Burch Commission), but the Commission excluded institutions of higher education. Then, in 1948, the legislature established another commission to study higher education,⁵⁰ it ended as a subcommittee of a Tax Commission.⁵¹

To pick up other philosophical threads of budgeting, the decade of the 1930s up to 1942 were characterized by consolidating and

refining the reforms of 1927-1930. For instance, the Budget Classification Manual was revised in 1939 and 1941. The central thrust involved budgetary control through the accounting system. The control in the fragmented components of the system was exercised by close coordination between agencies, especially the Division of the Budget and the Division of Accounts and Control (DAC).⁵² In addition to accounting procedures, the continued expansion of personnel in State service, with distinct needs for control, management, and planning, led to the development of a uniform personnel classification and salary system and a separate personnel office in the Office of Governor.⁵³ The personnel system applied to all state agencies, including higher education (excluding faculty and administrative positions).

The need for planning in budgeting had been cited at diverse times, but the administration of Governor Price, 1938-1942, made vigorous efforts to implement a new concept. Under the guidance of Professor Rowland Egger, Director of the Budget, on leave from the post of Director, Bureau of Public Administration at the University of Virginia, the Division of the Budget was restructured for planning. The Division of the Budget turned out at least eight studies for state agencies. Each study impinged upon budgeting to some degree. At least one study, on the forementioned personnel classification and salary system is reputed to have made a marked contribution to budgeting rationale.⁵⁴ Governor Price also helped bring into play a unique planning mechanism embodied in the Virginia Council on Public

Administration, which gathered into one body experts from various walks of life. The Council was instrumental in assembling relevant scientific data and expertise for a number of governmental problems, and coordinating the planning efforts of the Division of the Budget and State Planning Board. The Council was sponsored by a forty-five thousand dollar grant from the Spelman Fund in New York. A confluence of events caused its existence to be short. The Director of the Budget was summoned to Federal service during World War II, and a new Governor took office in 1942. The accomplishments of the Council vindicated its potential as a concept in planning and added a new, but brief, dimension to planning in Virginia.⁵⁵

Other concerns of a philosophical nature involved the capital outlays and student loans. Capital outlays had always been problematic since, in higher education, they had normally been financed out of budgetary surplus which had been scarce or nonexistent during the Depression. Some relief had been gained for financing by institutional bonds for constructing facilities, authorized by the legislature in 1928 and 1933. However, the problem of allocating the funds from the general fund still lay dormant. In 1944, a step toward bringing some formal method to capital outlays was embodied in the strengthening of the engineering staff in the Division of the Budget, who then published the first manual for capital outlays.⁵⁶ But, it was only a small step toward formal budgeting.

With respect to powers which were altered relative to the aforementioned philosophical developments, the state personnel system

was established by Chapter 370 of the Acts of the Assembly in 1942 following closely recommendations made in a study by Griffenhagen and Associates in 1936. In 1946, the reorganization act established the Division of Personnel as a separate entity within the Office of the Governor. The other actions which affected the budgetary process and higher education were accomplished by executive actions of the Governor or staff agencies. No Constitutional changes were required as in the case of the 1928-1930 reforms.

Structural changes affecting the budgetary process and higher education between 1930 and 1950 basically involved, first, the restructuring of the Division of the Budget between 1938 and approximately 1942, when the Division of the Budget was divided into Administrative, Records and Control, and Management Planning Divisions, in place of its predecessor organization. Second, the establishment of the Division of Personnel took place in 1948. Third, the State Planning Board was abolished during the 1948 reorganization.⁵⁷

Interagency relations affecting a rationale toward budgeting underwent several transformations during the period 1930-1950. First, aside from competition between institutions to secure funds, the institutions conducted business as usual throughout the whole period. The attempt to generate a long-range policy and program for higher education through the voluntary cooperation of the presidents of state-supported institutions of higher learning proved a disappointment both during the 1928 Reorganization and Governor Price's

administration. Second, relations between the Division of the Budget, Governor, and General Assembly reflected a general uniformity, relative to the common concept of budgeting for higher education. However, toward the end of the period, relations between some legislators and institutions reflected a growing concern for increased demands for funds and the seeming duplication of educational programs. The concern fostered notions for an overall control agency of some kind for higher education. Such notions had been advanced in the report of the Bureau of Municipal Research in 1927, by Governor Price in 1942, and by Charles R. Duke in a staff report on reorganization in 1949. The kind of agencies envisaged in these reports would have made profound changes in the budget process for higher education and precipitated a more precise method for allocating resources.

Summary

The historical background of formal budgeting methods for higher education in Virginia covers the four general areas of concern--philosophy, powers, structure, and interagency relations.

First, philosophically, the State of Virginia was committed to a conservative philosophy of budgeting. The philosophy emphasized increased refinement of accounting procedures (growing from loose accounting), allocation, and postaudit procedures to a uniform accounting system, much more rigorous and elaborate budget preparation and execution, and both pre- and postauditing procedures. A standardized personnel classification system emerged. Rudimentary

measures were instituted to rationalize capital outlay procedures. Central purchasing for state agencies was instituted and refined. All these measures made their impact on the budgetary process and reflected a philosophy of efficiency and economy. In spite of the ever increasing controls on budgeting, the resources to institutions of higher education were allocated incrementally throughout the period. The independent public institutions competed for funds on an individual basis in the political arena. The institutions set independent objectives and needs, generally along traditional lines.

Second, the powers for budgeting were basically established in the 1918 and 1922 Acts which vested authority in the Governor and authorized a Budget Office, respectively. The reorganization of 1927-1930 reinforced the budgetary powers by bringing the structure, powers, and procedures into line for strict financial control of state affairs by the Governor. Constitutional as well as statutory changes were required and gained. Later in the period, 1942 and 1948, the Personnel and Reorganization Acts, respectively, authorized the Division of Personnel in the Office of the Governor.

Third, the budgetary structure gradually fragmented over the period 1918-1950. In 1918, the function was vested in the Governor's Office (recognizing the supportive roles of the First and Second Auditors and State Accountant). By 1922, it was discovered that the job was too big to handle alone there, so the Division of the Budget was formed in 1922. The reorganization of 1927-1930 indicated that the budgetary process could not be handled administratively with a

small staff in one office, if it were to be effective in a sizable, growing, modern state. Such reorganization indicated that the structure of budgeting process further incorporated some of the activities of the Comptroller, Auditor of Public Accounts, and Division of Purchasing and Printing (for centralized purchasing). The structural relationship between the public institutions of higher education and the Division of the Budget remained relatively the same.

Fourth, interagency relations were characterized by a complex set of interrelationships growing out of the diverse components of the budgetary process. The major components consisted of the General Assembly with its strong powers to legislate all matters not prohibited by the State and Federal Constitutions; the Executive Arm of the State government, headed by the Governor and assisted by the Division of the Budget, the Comptroller, the Auditor of Public Accounts, the Division of Personnel, and, last, the body of individual public colleges and universities. Attendant with these components lay a host of subcomponents which contributed in a piecemeal fashion to the allocation of resources for higher education.

CHAPTER II FOOTNOTES

¹William W. Hening, The Statutes at Large . . . from the First Session of the Legislature in 1619, Vol. I (New York: R. & W. & G. Bartow, 1823), pp. 110-12.

²Ibid., p. 117.

³Commonwealth of Virginia [hereinafter referred to as Virginia], The Revised Code [hereinafter referred to as Code], Vol. II (Richmond, Virginia: Thomas Ritchie, 1819), p. A.

⁴Ibid.; also the functions of auditors can be traced through respective Codes of 1849, 1860, 1873, 1887, 1919, 1936, 1942, and 1950.

⁵Virginia, Code 1819, op. cit., pp. 1-5.

⁶Ibid.

⁷Ibid., p. 8.

⁸Virginia, Code 1849 (Richmond, Virginia: William F. Ritchie, 1849), pp. 364-67.

⁹Ibid., p. 368.

¹⁰Ibid., p. 383.

¹¹Bruce Emerson, A History of Relationships between the State of Virginia and Its Public Normal Schools 1869-1930 (unpublished Ph.D. dissertation, School of Education, College of William and Mary, 1973), pp. 32-34, 51.

¹²Ibid., pp. 132-33.

¹³Virginia, Journal of the Senate, Senate Journal and Documents, 1908 [hereinafter referred to as SJD] (Richmond, Virginia: Davis Bottom [Superintendent of Public Printing; hereinafter referred to as SPP], 1908), p. 837.

¹⁴Ibid.

¹⁵Ibid.

¹⁶Virginia, Claude A. Swanson, "Message from the Governor to the General Assembly of Virginia . . . , Wednesday, January 12, 1910," House Journal and Documents, 1910 (Richmond, Virginia: Davis Bottom, SPP, 1910), p. 22 [hereinafter referred to as HJD].

¹⁷Virginia, Acts and Joint Resolutions of the General Assembly (Richmond, Virginia: Davis Bottom, SPP, 1910), pp. 243-45 [hereinafter referred to as Acts].

¹⁸Virginia, Claude A. Swanson, "Message . . . January 10, 1912," Journal of the House, HJD, 1912 (Richmond, Virginia: Davis Bottom, SPP, 1912), pp. 19-20.

¹⁹Virginia, State Accountant, Annual Report 1913 and 1914 (Richmond, Virginia: Davis Bottom, SPP 1914 and 1915), pp. 63 and 69, respectively.

²⁰Virginia, "Inaugural Address of Governor H. C. Stuart Delivered at the Capitol at Richmond, on Monday, February 2, 1914," House Document No. 4, 1914 (Richmond, Virginia: Davis Bottom, SPP, 1914), p. 4 [hereinafter referred to as HD].

²¹Virginia, "Journal of the House," HJD, 1914 (Richmond, Virginia: Davis Bottom, SPP, 1914), pp. 158-59.

²²Virginia, H. C. Stuart, "Biennial Message, Section II, January 15, 1916," Senate Document No. 2, 1916 (Richmond, Virginia: Davis Bottom, SPP, 1914), p. 1 [hereinafter referred to as SD].

²³Virginia, Westmoreland Davis, "Inaugural Address . . . on February 1, 1918," HD No. 5, HJD, 1918 (Richmond, Virginia: Davis Bottom, SPP, 1918), pp. 4-5; see also reiteration in final "Address to the General Assembly, 1922," SD No. 1, SJD, 1922 (Richmond, Virginia: Davis Bottom, SPP, 1922), pp. 3-6.

²⁴Editorial, Richmond Times Dispatch [Richmond, Virginia], March 21, 1947, p. 33 [hereinafter referred to as RTD].

²⁵Virginia, W. A. Garrett, Chairman of the Senate Finance Committee, "Address before the Joint Committee of the Senate and House of Delegates to Consider the Budget, at the Capitol at Richmond, January 27, 1920," SD No. 7, SJD, 1920 (Richmond, Virginia: Davis Bottom, SPP, 1920), p. 3.

²⁶Ibid.

²⁷Virginia, Acts, 1918 (Richmond, Virginia: Davis Bottom, SPP, 1918), pp. 118-20.

²⁸Virginia, State Accountant, Annual Report 1919 (Richmond, Virginia: Davis Bottom, SPP, 1920), p. 1.

²⁹J. H. Bradford, "The Budget and Reorganization" (address delivered at the Institute of Public Affairs, University of Virginia, August 12, 1930), p. 4.

³⁰Ibid.

³¹Virginia, Davis, "Address . . . , 1922," op. cit., pp. 6-8.

³²Ibid.

³³Virginia, "Report on Organization and Management of the State Government of Virginia," Bureau of Municipal Research, New York, SD No. 2, SJD, 1927, Extra Session (Richmond, Virginia: Davis Bottom, SPP, 1927), pp. 5-7, 10-11, 17-27, 36-51; Virginia, "Report of the Citizens Committee on Consolidation and Simplification in State and Local Government," SD No. 1, SJD, 1927, Extra Session (Richmond, Virginia: Davis Bottom, SPP, 1927), pp. 5-12; see also Bradford, op. cit., pp. 5-12.

³⁴Virginia, H. F. Byrd, "Address . . . January 8, 1930," SD No. 1, SJD, 1930 (Richmond, Virginia: Division of Purchasing and Printing [hereinafter referred to as DPP], 1930), p. 22.

³⁵Virginia, Acts, 1927, chap. 33; see also Acts, 1928, chap. 79.

³⁶Virginia, Byrd, "Inaugural . . . February 1, 1926," SD No. 6, SJD, 1926 (Richmond, Virginia: Davis Bottom, SPP, 1926), p. 8.

³⁷Virginia, "Report on Organization and Management of the State Government of Virginia," op. cit., pp. 141-53.

³⁸Virginia, "Report of the Commission to Survey the Educational System of Virginia, December 15, 1927," HD No. 4, HJD, 1928 (Richmond, Virginia: Davis Bottom, SPP, 1928), pp. 19-35.

³⁹Daniel R. Gerber, "Coordination in Higher Education: A Case Study" (unpublished manuscript, 1971), p. 13.

⁴⁰Ibid., pp. 13-18.

⁴¹Ibid., pp. 18, 20; see also Virginia, Acts, 1928 (Richmond, Virginia: SPP, 1928), pp. 981-82.

⁴²Virginia, Byrd, "The Educational System of Virginia," an address to the General Assembly on January 11, 1928, SD No. 6, SJD, 1928 (Richmond, Virginia: Davis Bottom, SPP, 1928), p. 5.

⁴³Virginia, James H. Price, "Message . . . , January 10, 1940," SD No. 1, SJD, 1940 (Richmond, Virginia: DPP, 1940), p. 11.

⁴⁴RTD and News Leader clipping file labeled "Council on State Legislation," Richmond Newspaper Building, Richmond, Virginia, carried in current file with "Virginia" prefix.

⁴⁵Virginia, George C. Peery, "Address . . . , January 8, 1936," SD No. 1, SJD, 1936 (Richmond, Virginia: DPP, 1936), p. 5.

⁴⁶Virginia, "Report of the Senate Committee on Economy, March 12, 1932," SD No. 3, SJD, 1934 (Richmond, Virginia: DPP, 1933), p. 9.

⁴⁷Virginia, Peery, "Address . . . , January 12, 1938," SD No. 1, SJD, 1938 (Richmond, Virginia: DPP, 1938), p. 8.

⁴⁸Virginia, Price, "Message . . . , January 10, 1940," SD No. 1, SJD, 1940 (Richmond, Virginia: DPP, 1940), p. 35.

⁴⁹Ibid., pp. 33-36; see also Virginia, Price, "Address . . . , January 14, 1942," SD No. 1A, Senate and House Documents, 1942 (Richmond, Virginia: DPP, 1942), p. 20 [hereinafter referred to as SHD].

⁵⁰Virginia, "Report of the Commission on Reorganization of State Government, December 29, 1947," HD No. 19, SHD, 1948 (Richmond, Virginia: DPP, 1948), pp. 7, 8, and remainder; see also Charles J. Duke, Jr., "Final Report on the Reorganization of the Agencies of State Government, November 13, 1949," Press Release [located in Executive Papers of Governor William M. Tuck, 1946-1950, Box 24, folder marked "Reorganization," in Virginia State Library, Archives Division, Richmond, Virginia], pp. 14-19.

⁵¹"State College Study Is Urged by Educators," RTD, January 20, 1950, p. 4.

⁵²Virginia, Price, "Address . . . , January 14, 1942," SD No. 1A, SHD, 1942 (Richmond, Virginia: DPP, 1942), pp. 46-75.

⁵³Ibid., pp. 18-19, 70-75; see also Virginia, Price, "Message . . . , January 10, 1940," op. cit., pp. 17-18.

⁵⁴Virginia, Price, "Address . . . , January 14, 1942," op. cit., pp. 18-19, 70-75; see also Virginia, Price, "Message . . . , January 10, 1940," op. cit., pp. 4-7.

⁵⁵Virginia, Price, "Message . . . , January 10, 1940," op. cit., pp. 10-11.

⁵⁶Virginia, "Addenda to Address of Governor Colgate W. Darden, Jr. . . . , January 9, 1946," SD No. 1A, SHD, 1946 (Richmond, Virginia: DPP, 1946), pp. 10-11; see also J. H. Price, 1938-1942 [Executive Papers, Box 8, folder labeled "A Capital Budget for Virginia," Virginia State Library, Archives Division, Richmond, Virginia].

⁵⁷"Seventeen State Agencies Fall Victims of Reorganization Ax," RTD, July 2, 1948, p. 6.

CHAPTER III

TRANSITION 1950-1972

As stated previously, the thesis of this study is that State budgeting for higher education in Virginia moved toward the use of more formal methods for the allocation of resources. Within that context, four categories will be examined: philosophy, powers, structure, and interagency relations. This chapter is divided into four sections: the philosophy, the powers, the structures, and the interagency relations.

For focus and clarity, it seems worthwhile to note two important features of this chapter. First, in this study the budgetary process is viewed in a broader sense than just a single governmental agency. The budgetary process was defined by Wildavsky as " . . . the translation of financial resources into human needs."¹ Operationalizing such a broad view leads to the second point. The basic definition of formal budgeting embraces a broad genera of processes: namely, formula budgeting, management information systems (MIS), program budgeting system, automatic data processing (ADP), planning-programming-budgeting system, and program and budgeting system. The investigation uncovered practices which corresponded to certain of the above classifications, but are not identified by the same terminology. Therefore, the following interpretations will be

applied throughout the remainder of the text: PBS, PPBS, PABS, and ADP will remain the same; MIS will include reference to uniform accounting, fiscal budgeting systems, charts of accounts, Information Data Gathering and Analysis System (IDGAS), and space utilization (SU) studies; formula budgeting will include guideline budgeting in various modes, general or capital outlay. In the case of capital outlay, the space utilization guide (SUG) represents the chief example. Each of these operational aspects of MIS are considered essential components for the ultimate development of arithmetic methods to allocate resources, and, hence, are considered vital to a modern budgeting process.

Philosophy

The first section will cover the general philosophical temper toward budgeting between 1950 and 1972. In turn, the discussion will treat philosophical developments toward formal budgeting in higher education, with particular emphasis on the State Council of Higher Education; then, State-level budgeting with emphasis on the Division of the Budget; and last, developments of the State toward an automatic data processing capability.

General

The period 1950-1972 can be termed transitional. Many elements of the earlier periods were present. Executives and legislators held strongly to the principles of efficiency, pay-as-you-go balanced budgets, capital outlays from surpluses only, minimal reliance upon

debt service (revenue or general obligation bonds), and apparent reliance on "windfall" financing to balance the budget or to provide capital outlay funds. The budgetary process resembled closely what Wildavsky, Sharkansky, Schick, and others have termed incremental budgeting.

The apparent lack of sophistication in budgeting was aptly depicted by Governor Mills E. Godwin, Jr., on July 20, 1966, as follows:

Nowhere is there a statement of purpose for the budget process. By implication and by practice, the budget represents an apportionment of available money among requesting agencies. The emphasis has been on the distribution of money and not necessarily upon defined program needs or planned accomplishments. A "good" budget has been one which satisfied agency (and their support public's) expectations for some improvement, required no new resources or rate increases, and permitted a year-end balance. (Authority to create small deficits usually has avoided spot crises.)

We need a statement of purpose for the budget process which recognizes some of the experience of government and business in the management of large enterprises. . . . the chief executive is responsible for carrying out, effectively, the governments actions. The budget is his principle tool for this purpose. . . .

The Governor . . . establishes them [the following concepts] as budget policy for his administration:

1. it [sic] is a year-around function which encompasses planning and administration, operations and capital outlays. It does not separate preparation of the budget document from the subsequent actions--review and action by the Governor, review and action by the General Assembly-- [sic] through evaluation of results.

2. there [sic] must be definitions of agency programs (short- and long-range) and the creation of performance criteria.

3. the [sic] Division of the Budget, in cooperation with other State agencies must propose priorities for programs. Other State agencies must bring the Division into discussion of programs. This requirement also contemplates provision . . . [for] . . . a general survey of the State's financial and natural resources, with a review of the general economic [sic] industrial and commercial condition of the Commonwealth. The decisions as to the priority are made by the Governor and the

General Assembly.

4. the [sic] Division of the Budget, in order to increase the funds available for higher priority programs, must recommend elimination of programs failing to produce results or associated with costs which alter priorities.

5. inter-agency [sic] programs must be tied together organizationally and fiscally so that duplications and gaps are avoided.

6. the [sic] Division of the Budget must work closely and interchange information freely with other agencies of the Office of Administration, with the State Council of Higher Education, and with other departments and agencies whenever indicated by program objectives.

These concepts will involve the Division of the Budget more closely with agencies than heretofore. . . . All persons engaged in the program must work cooperatively and wholeheartedly to effect these changes with a minimum of dissension and maximum efficiency. The program will require the addition of trained staff which the Governor is prepared to authorize.

In carrying out these objectives, the Division of the Budget and the Office of Administration will have the full support of the Governor. Concomitantly, responsibility for failure to do so will call for further action by the Governor.²

The Governor's forthright philosophical direction gave the impetus for the agencies to develop some rationale to satisfy the objectives in the policy statement, such as, evaluation of budget results, definition of agency programs and corresponding performance criteria, priorities, elimination of inefficient programs, avoidance of duplication and gaps, cooperative use of interagency resources, and, above all--cooperation between agencies. While the Governor's instructions did not specify the methods to arrive at solutions, they set a frame of reference for progress in budgeting methods.³

Parallelling this general temper, attitudes toward higher education were reflected in the provisions of the House Joint Resolution Number 47 (1950) which directed the Virginia Advisory Legislative Council (VALC) to study " . . . certain matters in

connection with the State-supported institutions of higher education." Legislative concerns included a determination of the unit costs of instruction; a well-designed system of accounting that would provide for detailed cost analysis of the auxiliary operations apart from the instructional fields; the financial operations within the several institutions and critical review of the proposed budgets for operations and for capital development; the intensive study of the fields of learning to eliminate all unjustifiable duplication.⁴ The findings of the VALC study concluded that the several institutions had little occasion to develop a concept of a unified statewide system of higher education, and that the failure to develop a statewide concept had several effects, as follows:

1. Institutional welfare tended to dominate the planning.
2. Competition often characterized institutional relations.
3. Institutional programs did not take due account of the needs of the State.
4. The scope of offerings tended to enlarge unduly.
5. No administrative machinery dealt constructively with the potential development of the State-supported system of higher education.⁵

The report recommended that the Governor and General Assembly needed an administrative mechanism to present a unified budget in terms of a statewide program of higher education. The budget for maintenance

and operation and capital outlays should be based upon an appraisal of the functions and operations of the institutions as parts of a statewide plan to meet the needs of the people of the State. It continued, as follows:

The present Virginia plan of coordination through a voluntary council of presidents is not designed to meet, nor will it meet, the needs of a statewide program of higher education due to the absence of facilities for long-range planning of a unified and comprehensive program and to the lack of suitable means of integrating the budgeting requests from the six governing boards. . . . The need for a coordinating mechanism is generally recognized among persons most closely connected with the administration of institutions of higher education. There is some sentiment for creating such an agency to serve only in an advisory capacity to the governor, particularly in the field of budget making.⁶

Of further interest, it noted that Virginia institutions received a smaller proportion of their support from State appropriations and a larger proportion from student fees than did institutions in most other states. Appropriations for education had maintained for many years the same relative position percentage-wise to other appropriations and to the general fund. Finally, the VALC found that the consideration of unit costs, the revenue producing activities, the financial operations, any duplication or ratios of various sorts could not be properly rendered by the Study Council because of the volume and detail, so they were left for subsequent study.⁷

In contrast, forces of modernization actively attempted to reconcile pressures of the population explosion and the demands of technology on modern society. The reconciliation militated for a higher commitment of resources to higher education. A commitment to higher education created the financial demands which needed resolution.

Resolving these financial demands posed the dilemma of allocating resources.

Therefore, the two forces, the conservative and modernization, were at some level of conflict throughout the period. The prominence of one or the other moved cyclically. Although it is somewhat hazardous to classify such general trends in public philosophy, the evidence pointed to characterizing the main feature of the following periods with respect to budgeting and higher education. The conservative outlook appeared firmly in hand between 1950 and the establishment in 1956 of the State Council of Higher Education for Virginia. Then, there was a period of growing modernization from traditional views between 1956 and 1960, followed by a period of partial retrenchment between 1960 and 1964, a time during which the authority of the Council was curtailed. The administration of Governor Albertis S. Harrison, Jr., laid the groundwork for continuing modernization at an increasing rate during the next period, 1964 to 1970. After 1970, conservative forces seemed in hand, and the rate of progress slowed down, relative to modernizing the budgetary process.

Therefore, by way of interim summary, the general philosophy toward budgeting in higher education changed from the traditional emphasis upon incremental budgeting to formula budgeting. The philosophical transition appeared in cyclical phases through the proclamations of the major participants in the budgetary process, the governor, the legislature, and their associated governmental organs.

Formal Budgeting and the State Council
of Higher Education

The most singular development in higher education which characterized and overshadowed the entire period of 1950-1972 was the development of the State Council of Higher Education. During the prelude to establishing the State Council, budgeting for higher education followed the traditional practices and patterns. However, the growing concern over the higher education precipitated the previously cited VALC study, which was composed of two components: first, the findings and recommendations of the VALC, and second, a consultant's report by Fred J. Kelly from the United States Office of Education (USOE). The recommendations of the VALC followed suit with its previously mentioned findings. The VALC recommended the creation of a State Board of Higher Education for Virginia, the development of a comprehensive unified statewide program, the development of a coordinated budget based on the budget requests from the institutions of higher education for maintenance and operation (M&O) and capital outlay (CO), and the presentation of the budget requests to the Governor by the Board. The consultant's report by Kelly reinforced the VALC findings and recommendations,⁸ although the main thrust of Kelly's presentation explained a number of aspects of coordination for higher education at the State level and the lack of coordination in the Virginia state budgeting process. The VALC and Kelly reports did not constitute the first studies to recommend a central agency to develop a unified budget for higher education. However, the VALC study represents the first time the Legislative Council formally supported

the idea. It is also noteworthy that many of the findings and the recommendations implied the philosophy of conservatism, efficiency, and cost consciousness, while at the same time they recognized the traditional weak financial support for higher education. Note must also be taken of the implied role of a unified budget and accounting system as the basis for solving many problems in higher education, including determining costs, financing, and developing ratios. These reports also set the philosophical stage for establishing the State Council in 1956.

In 1956, the legislature committed itself philosophically to state coordination of higher education and specifically to budgetary review, with its attendant requirements for uniform accounting, budgetary, and data reporting systems. The Council's struggle to fulfill its statutory obligations of coordination, program approval, and budget review are highly related to the development of more formal methods in budgeting for higher education. Attempts to divorce these roles from one another have furnished the major sources of controversy throughout the period of this study. The first eight years of operation were difficult for the Council to move toward formalization in budgeting. The Council recognized that its effectiveness would rest in receiving detailed information from the institutions of higher education. It also foresaw the need for compatibility between the information displayed on the budget document and the information furnished to the Council by the institutions. Too, these first eight years were largely occupied by mustering the financial support and

information (data base) to make the Council's recommendations credible. The problem of coordination, budget review, program approval, financial support, information, and credibility go hand-in-hand. Without sufficient quantities of one, the others collapse. The Council's struggle on all the fronts was intertwined with the budgetary process and development of more formal methods as the following events should illustrate.

There were at least two projects, conducted by the Council which contributed significantly to the development of formal budgeting. The first was the establishment of a uniform data reporting system, for all of the institutions of higher education, including the incorporation of a Chart of Accounts (CA) into the budget format and the development of an integrated data gathering and analysis system. The second was a survey of space utilization, ultimately leading to the development of a space utilization guide, which contains the budgeting formulae for capital outlays.

The Uniform Data Gathering System

In its first year report, the State Council intimated its informational deficiency when it stated that the " . . . council was . . . laying groundwork for statewide studies and surveys . . ."9 further noting that some studies had been made on specific topics. One study was conducted on the utilization of existing institutional space. The second study was conducted on essential financial needs. In the biennial report for 1958-1960, the Council reported that it had

studied fiscal reporting and budgeting practices in public colleges and universities in Virginia.¹⁰ Efforts to develop and institute a uniform data reporting and budgeting system continued. Also, on January 11, 1960, the Council published a series of recommendations. Part of the recommendations involved uniform fiscal reporting and budgeting, as follows:

That public institutions of higher learning be requested to compile their own annual financial reports of a uniform character, as jointly determined by the Council of Higher Education and the institutions of higher learning, with the cooperation and assistance of the State Auditor.

That said reports be made available for official and general distribution within four months after the close of each fiscal year.

That public institutions of higher learning be requested to adopt a uniform basic plan of functional budgeting, as jointly determined by the Division of the Budget, the State Auditor, the Council of Higher Education, and the public institutions of higher learning.

That functional budgeting according to uniform classifications be developed in addition to budgeting by object classification as required by State law.

That these recommendations, if adopted, become effective as of July 1, 1960.¹¹

Later in the same report, the Council recommended the collection of uniform enrollment and faculty data, as follows:

That the institutions of higher learning be requested to develop a uniform system of reporting educational data, as jointly determined by the Council of Higher Education and the several institutions.

That such data be compiled in terms of student credit hours and full-time student equivalents.

That reports be compiled and made available for official distribution for each academic term (semester or quarter).

That the institutions of higher learning be requested to develop a uniform system of reporting faculty data, as jointly determined by the Council of Higher Education and the several institutions.¹²

Chart of Accounts

Later, the Virginia Cost Study report furnished support for adoption of the uniform Chart of Accounts. The 1962 General Assembly had directed the Council " . . . to undertake a comprehensive cost study of programs, functions, and activities"¹³ at public institutions of higher education. The report stated that the study could not progress to its designed end unless "uniform coding of income and expenditures" was established. The study recommended that "uniform reporting be implemented by July 1, 1964" at all institutions of higher education except Virginia Military Institute, the College of William and Mary, the Medical College of Virginia, and the University of Virginia. The latter exceptions would be required to implement by July 1, 1965.¹⁴ In the text, the cost study explained in detail a uniform financial reporting system which conformed with national standards of accounting.

The uniform data reporting system became identified first as the uniform Chart of Accounts. On April 2, 1964, Dr. William H. McFarlane, Director of the Council, wrote a memorandum to Governor A. S. Harrison, Jr., stating that,

Procedures for uniform coding of budgetary revenues and expenditures are basic in implementing a uniform reporting system. . . . Following the recommendations of the Cost Study Report . . . [the] attached document contains proposed revisions to the State Comptrollers Fund and Appropriation Codes for institutions of higher learning.¹⁵

The memorandum continued:

These changes are consistent with standard coding practices

for colleges and universities throughout the nation, as promulgated by the American Council on Education in its publication, College and University Business Administration, (Volume 1).¹⁶

Governor Harrison promptly replied, on April 7, agreeing with Dr. McFarlane's recommendations.¹⁷ On June 1, 1964, Governor Harrison directed the presidents of State-supported institutions " . . . to set up . . . accounts and report income and expenditure according to this chart of accounts."¹⁸ Governor Harrison also designated the State Council as the agency to review and effect refinements of the Chart of Accounts.

During the Summer, 1964, Dr. McFarlane's efforts to incorporate the Chart of Accounts into the budget continued. On July 22, 1964, he wrote another memorandum to Governor Harrison outlining the problems and suggesting procedures for " . . . developing meaningful budgetary requests for higher education."¹⁹ Dr. McFarlane recommended that uniform coding, reporting, and budgeting procedures be initiated " . . . so that the 1966-68 biennial budgetary request could be based on them," involving " . . . an explicit and detailed set of instructions, permitting a minimum of free interpretation at the college level."²⁰ Dr. McFarlane's efforts were reinforced by the Chairman of the Council, Mr. Sol S. Rawls, Jr., who wrote a letter to Governor Harrison. The text of the letter reaffirmed and emphasized the needs previously posed by Dr. McFarlane.²¹

Governor Harrison's support represented a crucial philosophical turning point in the efforts of the Council to become a significant factor in higher education in Virginia. Further ramifications

were experienced in rapid sequence. First, Dr. McFarlane resigned as Director of Council. The new Director, Dr. Prince B. Woodard, took the reins and moved forward firmly and vigorously.

During the Fall, 1964, Dr. Woodard visited the various institutions of higher education, and held meetings with key figures pursuing the objective of incorporating the Chart of Accounts into the budget document as well as using the budgetary mechanism to secure supplemental budgetary information.²² As a result, on December 10, 1964, Governor Harrison instructed the Director of the Budget to incorporate the Chart of Accounts into the 1966-1968 budget, to require the institutions of higher education to submit the supplemental information proposed by the Council, to require the institutions of higher education to supply the Council with a copy of their budget requests (a procedure which had been obsolete since the 1960 General Assembly prohibited the use of the Council appropriations for budget review purposes), and finally, to furnish the Council with copies of the six-year capital outlay programs.²³

By Spring, 1965, the philosophical outlook toward the Council had changed in the direction of modernization, and the prospects for continued progress toward more formal budgeting improved substantially. On March 10, 1965, the Council of Presidents of State-Aided Institutions of Higher Education endorsed the principle of making accurate and complete information available to the Council, as expressed in the Chart of Accounts, holding, however, some reservations about the timing and workload associated with supplemental

information.²⁴ Then, again, on April 8, 1965, Governor Harrison, in a letter to the heads of all State agencies and institutions, formally endorsed the submission of supplemental information requested by the State Council, but made a concession to the institutions of higher education by allowing more time to prepare the initial data.²⁵ In December, 1965, the report of the Higher Education Study Commission supported plans of the State Council as follows:

One difficulty that the Commonwealth of Virginia faces in its provision for financial support of its institutions of higher education is the lack of any provisions for professional scrutiny of institutional budget requests by a competent agency at the state level. This function is performed at present by the Division of the Budget, but as previously indicated, the financial data at present available for the Virginia institutions do not permit this sort of critical analysis, because of the lack of uniformity in the financial accounting and reporting. Furthermore, the Division of the Budget does not have any regular staff member who would be recognized as an authority on the finance of higher education, or competent to exercise professional insights in analyzing college and university programs and budget requests and recommending amounts to be appropriated. Competence of this sort is nearly always to be found in the staff of an agency such as the State Council of Higher Education, but in Virginia, the State Council of Higher Education rather curiously has been forbidden by statute to spend any of its supporting appropriations on the making of analyses of institutional budgets and finances. It would seem entirely normal for the members of the General Assembly, in such circumstances, to doubt whether the funds recommended for appropriations are really needed. Without competent analysis, it is difficult to judge whether the various institutions are being fairly treated in their recommended appropriations. The remedy for this situation seems clear. It is recommended that uniform budgetary forms and procedures be developed and adopted for the institutions of higher education in Virginia, as provided in Chapter 144, Acts of the General Assembly, Regular Session, 1964.

It is recommended that the State Council of Higher Education be required to make a thorough analysis of the budgets of each of the institutions and be provided with funds and staff competent for this purpose. The findings from this analysis should be transmitted to the Governor for consideration when final determinations are made regarding the appropriations to each institution.

The Governor and the members of the General Assembly should receive the recommendations for institutional appropriations from the State Council of Higher Education and the State Council should furnish supporting evidence in the form of the fiscal and program analyses it has made. The recommendations and analyses of the State Council should be accompanied by the original requests and justifications as submitted by the institutions themselves, so that the Governor and the General Assembly can see what modifications have been made by the Council, and can have the benefit of reasons for these modifications.²⁶

The Information Data Gathering System

With the incorporation of the Chart of Accounts and supplemental information into the budget process, the impetus for the Chart of Accounts was eclipsed and transformed into another project which may be viewed as an extension of the Chart of Accounts project, but became known as the Integrated Data Gathering and Analysis System. In a letter to the Commissioner of Administration on November 15, 1966, the Council Director, Dr. P. B. Woodard, described the information system as follows:

In addition to specifying information to be obtained in each area of study and the data gathering forms to be used, the plan identifies various elements of information which will be combined in the analysis process in order to generate necessary planning statistics. For example, information about classes taught will be combined with certain information about physical facilities for purposes of making space utilization studies. Also, information about classes taught will be combined with information about faculties to yield teaching loads and student-credit-hour costs.²⁷

The advantages of the plan included a regular data collection timetable, once in each operating period (rather than ad hoc); multiple use of the information for analysis; and compatibility with United States Office of Education format. The plan was developed with

the assistance of the Professional Advisory Committee of the Council, consisting of representatives from the State-supported institutions of higher education. The plan was designed to collect information in seven areas: classes taught, students, programs, faculty and staff, finance, physical facilities, and other miscellaneous information. Dr. Woodard noted in a letter that, although some of the information had been collected on previous occasions, the data system did represent a new approach which greatly expanded the research and planning capabilities of the Council. Dr. Woodard took care to note the Council's reservations about developing budget forms or analyzing budget requests on a line-item basis, although the Council held that standard budgetary definitions, already agreed upon by the institutions and Council, should continue in use. Accompanying the letter was an index of fifteen proposed reports to be published from the data system, ranging from one monthly, one quarterly, two biennial, to eleven annual reports. The potential contribution of the information system to the budgetary process and formal budget methods could be implied from Dr. Woodard's reference to analyses on space utilization, teaching loads, and student-credit-hour costs. Such analyses would have constituted budgeting formulae or the inputs for them.

During the ensuing years, the legislature allocated the funds for the State Council to conduct its announced activities, representing its agreement to the data gathering system and philosophy of the State Council. Later, a philosophy developed in the Council about an approach to formula budgeting. The philosophy favored a complex set

of ratios based on instructional level and academic field. The ratios were developed in part from the data system. After several years of coordination the State Council and Division of the Budget reached agreement to work with more general formulae based on academic levels primarily.

Space Utilization
and Capital Outlay

Although space utilization studies and capital outlay allocations are closely related by nature, they followed parallel courses between 1950 and 1966 at which time they became amalgamated into the data system. To review, the philosophy toward capital outlays for many decades had been to finance them largely through budget surpluses, "windfall" taxes, to a lesser extent by revenue bonds, and, as a last resort, by tax increases. The growing demands of higher education and the rest of society created severe pressures on allocating financial resources where the "best" results could be obtained for the expenditure. For the twelve years prior to the establishment of a commission, the capital outlays had been classified by a crude priority system of groupings. For instance, the 1954-1956 groupings were determined by three assumptions about the availability of surpluses amounting to ten million, fifteen million, or thirty-five million dollars.²⁸ A capital outlay manual was the main source for procedures.

More formal methods were needed to keep pace with the rising demands for capital outlays. Governor Stanley had asked the 1954 legislature to appoint a Commission on State Capital Outlays and

Means of Financing.²⁹ Both houses of the legislature passed similar resolutions authorizing such a commission, but they never completed the action by failing to agree on the same legislative resolution. Consequently, the Governor appointed an executive commission to study the estimated capital requirements of the State for the six-year period beginning July 1, 1956 (exclusive of highways). The commission did not formalize methods much, but it did organize the projected capital requirements over a six-year period, according to a rough priority system again. This kind of planning was greeted favorably and another commission was appointed by Governor Almond to continue the capital outlay planning for the three biennia, 1962-1968.³⁰

In the meanwhile, the State Council had been established and began to gather data on physical facilities, one of its earliest projects. In 1959, the Council reported that,

A coordinated view of major capital needs for higher education, as revealed by budget requests and as related to overall State needs, determines two levels of priority, hereafter designated Priority A and Priority B. . . . Priority A includes (1) instructional and related facilities for developing community colleges; (2) replacement or remodeling of . . . structures used by residential colleges for instruction, laboratories, libraries, athletics, or essential auxiliary functions. Priority B includes (1) expansions of, or additions to, instructional and residential facilities at the residential colleges; (2) expansion of auxiliary functions not essentially related to the central activities of the institution.³¹

(Land purchases were listed separately from Priorities A and B.) At least, here was a beginning of more formal methods for budgeting capital outlays in higher education. The Council noted also that the Educations Facilities Commission had produced strong evidence that

greater space utilization could be achieved at the residential colleges. It, therefore, requested budgetary funds for a similar statewide study. It also called for coordinated standards for capital costs as a necessity for future expansion. The Council published analyses of instructional space utilization in 1960, 1962, and 1964, and biennially thereafter, for each public institution of higher education. The official summary of Governor Harrison's administration notes " . . . that since these studies were initiated . . . both room and student-station utilization have increased substantially."³²

In contrast, the report of the Commission to Study the State Government in Virginia (1961) had recommended that the " . . . State Council cease reviewing the capital outlay programs of the colleges and universities."³³ The Commission reasoned that the Council devoted too much time on the study of capital outlays because of limitations in staff. The Commission further believed that capital outlays were not an educational function and that the review duplicated work of the Division of the Budget.³⁴ However, in its biennial report the Council recommended " . . . that procedures be established for continuing review and coordination of capital outlay needs and planning."³⁵

As noted earlier, by 1966, the Council was receiving the Six-Year Capital Outlay Requests from the public institutions of higher education and had started its data collection program which integrated space utilization data with the other data collected from institutions of higher education. The Council had also worked with the

newly-formed Division of Engineering and Buildings on a long-range study " . . . for determining present needs for building replacements, additions, and renovations, as well as providing for projecting space requirements and determining standards for space utilization."³⁶ Funds for the joint project were difficult to obtain, but a Federal planning grant under the Higher Education Facilities Act of 1963 made the study possible.³⁷

In late 1969, the State Council published space projections for periods 1974-1975 and 1979-1980 in a separate section of its Physical Facilities Report. The projections were based upon a combination of planning standards, space inventories, and long-range enrollment projections. The space standards were developed from a nationwide survey of standards used by other educational agencies. Modified for use in Virginia, these standards provided formulae for space requirements of two- and four-year institutions covering general classroom-, teaching-, laboratories-, faculty-, library stack- and reader-space, including attendant service space.³⁸ Prominent legislative leaders and others have acknowledged this development as perhaps the most significant accomplishment of the Council.³⁹ An indication of its value may be judged by its provisions having been incorporated into the 1972-1974 capital outlay budgeting procedures.⁴⁰

Formal Budgeting and the Division of the Budget

Discussion of State agencies active in the budget process will concentrate on the Division of the Budget. Some treatment will be

given to other agencies mentioned in Chapter II. The State Council will be mentioned only when particularly relevant communications are needed to clarify the issues. The developments toward more formal methods in the Division of the Budget followed several important lines. The most important thrust concerned the evolution of budgeting guidelines. Another emerged almost simultaneously, the concept of program budgeting. The last dealt with capital outlay budgeting.

Guideline Budgeting

The development of budgeting guidelines is the most important aspect of budgeting related to the thesis of this study. Of all the various modes of formal methods available for budgeting, this mode developed, and has prevailed, in the State of Virginia throughout the period of the study. The term "guidelines" was adopted by the agencies which formulated budgetary policy in order to indicate and to allow flexibility within the system. The techniques of guideline budgeting apply ratios and formulae to various elements of budgeting, particularly to higher education. Under other conditions, guideline budgeting would probably be termed "formula budgeting."

Guideline budgeting for higher education grew out of Governor Harrison's administration (1962-1966). It was rooted in the financial pressures of expanding higher education and the wrangle between the State Council and the Division of the Budget about what information was desired from the institutions of higher education; how to obtain the information; and what issues the information would help to resolve.

The Division of the Budget looked at the techniques being used by other states to solve the same dilemmas and observed the growth of formula budgeting in Texas, California, and other states.⁴¹

Issues

The main budgeting issues relative to higher education had been brewing for many decades, especially since the formation of the State Council which brought them to a head after 1956. A list of outstanding issues in 1966 may be seen in a letter from the Director of the Budget to the Director of the Council on December 20, 1966. In the letter, the Division of the Budget asks the Council for certain kinds of information, previously agreed upon at a joint meeting with the Commissioner of Administration. The Division of the Budget also established a schedule of dates for the desired information. The letter requested information on the following issues:

- . . . 1. . . . Standard definitions [such as full-time equivalent students (FTE) to which the Council and institutions of higher education had agreed] . . .
- 2. . . . Enrollment projections for 1968-70; . . .
- 3. . . . Revenue projections for 1968-70; . . .
- 4. . . . Basis for establishing library publications requirements:
 - a) to eliminate any current deficiency;
 - b) to provide ongoing and new program needs. . . .
- 5. . . . Basis for establishing teaching and research position requirements.
- 6. . . . Elements to be considered in the Council's recommendations on institutional appropriation requests: . . .
- 7. . . . Plans [involving programs which required Council approval prior to consideration in budget preparation] . . .
- 8. . . . Council recommendations concerning individual institution budgets. . . .⁴²

Not mentioned in the list are several issues, such as: physical plant

and equipment; supplementary aid (as Federal aid, endowment funds, and associated matching funds); administrative positions; classified personnel positions; sponsored program positions; auxiliary services (as dining halls, bookstores, and working capital projects).⁴³

Although the 1966 discussion did not perceive all the issues which emerged later, this inchoate effort attempted to help resolve the current issues in budgeting for higher education where the extant Budget Classification system did not. At that time, the terminology of budget formulae or guidelines did not appear in the communications between the agencies.

Incrementalism

Prior to the 1968-1970 budget, the instructions had contained a few crude faculty-student ratios, but most budgets reflected the incremental approach. An example from the budget instructions for 1968-1970 illustrates this point. The instructions read as follows:

To expedite preparation of the institutions' budgets for the 1968-1970 biennium, it is suggested that the following projections be computed and entered as "Scale Adjustment" for teaching and research positions:

For 1968-69--5% of the authorized 1967-68 average.

For 1969-70--5% of the projected 1968-69 average.

This suggestion does not bar any institution from requesting a different average, nor does it imply an assurance that the Governor's recommendations will be based on it.⁴⁴

Note should be taken at this point that the instructions for any biennium must be developed and promulgated by mid-Spring prior to the legislative year in order to allow the institutions of higher education and other agencies time to prepare their budgets and to

allow the Division of the Budget, the State Council, and the Governor to review the budgets prior to the legislative session in January of the following year. When a Budget Bill (Appropriation Act) is passed by the General Assembly, it becomes effective on July 1 of that same year, unless otherwise specified.

Ratios

Some guidelines were used in reviewing the budget requests for the 1968-1970 Biennium. They dealt with "teaching and research positions." For instance, the ratios were based upon the level of instruction: 1:20, lower level; 1:15, occupational-technical; 1:12, upper level; 1:9, graduate level. The ratios for teaching positions had a basis in research, based upon a report to the Budget Director dated October 4, 1967. The report compares in detail the faculty-enrollment ratios of all the four-year and graduate institutions of higher education. The computations were based on actual, estimated, and average enrollments, and a synthesized ratio was recommended. The institutions of higher education were grouped according to type for comparability as follows: teacher-training, urban, university-type, four-year, and special (like the Medical College of Virginia, then a separate entity).⁴⁵ The Division of the Budget wanted to divide the graduate level into masters and doctorate levels, but claimed that it had no data upon which to base such decisions. Other categories, like salary averages, libraries, community and branch colleges, student aid, physical plant, general administration,

student services general expense, and research were treated on an ad hoc or incremental basis. For instance, the Division of the Budget experimented with a ratio of 1:12 "instructional administrative" faculty positions.⁴⁶

The application of these ratios represented a unilateral departure from previous practices and engendered considerable discussion. Thereafter, two main thrusts took place, according to the ensuing documentation: first, the coordination of budget instructions between the Division of the Budget, the State Council, and the institutions of higher education; second, the refinements of the specific issues. By early 1969, the Division of the Budget had prepared a set of instructions for the 1970-1972 Biennium and forwarded it to the State Council. In early March, 1969, the Chairman of the Council acknowledged the principle of guidelines with respect to institutions of higher education.⁴⁷ The Director of the Council also expressed his views in a letter to the Division of the Budget, as follows:

. . . guideline ratios by level . . . for determining both instructional and research faculty positions to be included in institutional budget requests is an essential and significant beginning toward meaningful program budgeting. The Council is further convinced that the establishment of guideline ratios by major fields by levels can provide a more effective means for recognizing the diverse program and research characteristics of each institution and, thereby, provide teaching and research faculty personnel for each institution in an equitable manner.

During the next two years, the State Council will focus a major effort on the determination of more discriminating guideline ratios and in this endeavor will solicit the participation and assistance of the institutions of higher education, the Division of the Budget, and such other groups as may be appropriate.

In arriving at these ratios, the Council had the benefit of

extensive data from other states, the views of national authorities, and State Council research studies of the state institutions of higher education.⁴⁸

The ensuing list of ratios, coordinated with the Professional Advisory Committee, closely corresponded with the teaching ratios originally proposed by the Division of the Budget.⁴⁹

Refinements

Each subsequent biennium saw refinements of the guideline ratios and closer coordination in the development of them. By 1972, refinements of the teaching and research positions consisted of substantially more statistical backing, but the format conformed largely to the original design by the Division of the Budget, without detailed breakdown by major fields. However, a number of other guideline ratios emerged reflecting considerable staff work and research. For instance, the method for determining faculty salaries was developed based on a complicated formula using peer group averages. Peer group averages compared faculty salary averages of institutions for higher education in Virginia with similar institutions of higher education across the nation. The Governor ultimately decided the faculty averages to be used for budgetary purposes. The peer group project was strongly encouraged by Governor Godwin who registered his concern over faculty salaries in a letter to the Director of the Budget in 1968.⁵⁰

Another significant refinement occurred in the library field when the Clapp-Jordan formula was accepted as the basis for building

and revitalizing higher education library facilities, staff, and holdings. The Clapp-Jordan formula was criticized as imposing disadvantages on the larger universities, and the criticisms were well-founded, but Virginia trailed the national average and needed a standard. The Clapp-Jordan formula favored the newly developing institutions of higher education, but provided an established formula to achieve a desired end.⁵¹

Other refinements occurred in the development of the Space Utilization Guide, and formulae for administrative and classified positions.⁵² Again, certain aspects of student aid were assigned to the State Council which allocated funds to the institutions of higher education according to a gross allocation formula as Budget Items 659 (1966-1967) and 495 (1969-1970) undergraduate and graduate scholarships, respectively.⁵³

Next, while not precisely a guideline ratio, enrollment projections provide the basis for implementing most higher educational budget formulae. The early resolution of responsibility for projecting enrollments constituted a significant development in the progress of guideline budgeting. The State Council was designated the official agency to make these projections. Assigning this specific responsibility brought some stability to a controversial element in the State budgeting. However, more refinement was needed, for instance, in organized research. Also, in recent years, consideration has been given to developing some rationale for auxiliary services, although they are characteristically self-sufficient, and not subject to

budgeting guidelines.⁵⁴

Before moving to the next topic, note should be taken of several points. First, the guidelines involved discrete segments of higher education budgets and, therefore, created the appearance of being disjointed and fragmented. However, the segments corresponded with the classifications of the Chart of Accounts. Second, the development of guidelines occurred more or less progressively rather than simultaneously. The energies of the interested agencies seemed to concentrate on one or two guidelines at a time. Therefore, ingestion to the system required several biennia. Finally, the philosophy of the Division of Budget prevailed, relative to guidelines based on instructional level only rather than instructional level and academic field.

Program Budgeting

One of the first philosophical evidences toward establishing a program budget appeared in a memorandum from the Governor's Office on July 11, 1966, which outlined the basic considerations for a program budget. The memorandum stated,

The approach [should] . . . be based on a well-defined program of needs and the allocation of available funds among elements of the program, on a priority of needs basis. For example, in higher education, the program budget should take into account (1) the projection of enrollments for the new biennium; (2) the projection of increased costs on the basis of present level of operations; and (3) the total costs involved in meeting the projected program. (This relates to maintenance and operation only. The enrollment projections over a 10 to 20 year period should be the basis of capital outlay programs, updated biennially, and oriented to the individual institutions' master plans.)

When the total budget is in hand the Governor will be able to

review the need in relation to the estimated revenues . . .

The program, representing the sum of the components, must be developed realistically. Division of the Budget analysts, working closely with agencies and institutions so that . . . it will represent the combined judgment of the agency . . . the Governor, the [budget] analyst, and the Director of the Budget.⁵⁵

The key words in this passage were "on a priority of need basis."

Similar comments were made by the Governor in his pronouncement on "State Budget Policies," cited earlier. Most modern program budgets have consisted primarily of grouping activities according to their similarities in nature, as opposed to the more common grouping by the administrative agency or the organizational structure. Program budgeting has been structurally quite similar to functional budgeting at the statewide level. Between 1918 and 1972, the Virginia budget document was presented generally along functional lines. Therefore, the mechanics of change to a program budget were not so obvious, although a partial reorganization of the budget document did take place between 1968 and 1970. The changes appeared most prominently in the Functional Comparisons in the Analysis Section of the Budget.⁵⁶

Interest in program budgeting received scattered attention after the Godwin administration. For instance, Senate Joint Resolution Number 5 was introduced on March 5, 1970, but it died in committee during the legislative session. T. Edward Temple, Commissioner of Administration, expressed his interest in a Planned-Programming-Budgeting System in a memorandum dated March 9, 1970, to Edwin J. Crockin, then Acting Director of the Budget. (PPBS is one form of program budgeting.) Later in the same year, John R.

McCutcheon, the newly-appointed Director of the Budget, referred to " . . . improving the use of program structure in budget analysis." Since higher education already constituted a program in the overall state budget, the changes toward program budgeting did not seem to affect higher education, except the overall priority for funds.⁵⁷ The momentum for moving toward an overall program budgeting faltered with the demise of Senate Joint Resolution Number 5.⁵⁸ As nearly as can be documented, key legislators indicated that the resolution died in committee because of the pending completion of the Governor's Management Study which was then in progress.

Priorities are generally considered when the Governor and General Assembly each review the proposed budget. They usually seem to be motivated by politics or personal predilection. The priorities used to determine budget allocations are not readily available, other than by inspection of the budget documents and the general commentary in the letter of transmittal of the budget document. Sometimes campaign promises or political platforms furnish clues. For instance, Governor Godwin openly professed a high priority for higher education, and subsequently, higher education fared well for appropriations during the Godwin administration.

Capital Outlay

One major philosophical change occurred relative to capital outlay in 1966. The capital outlay function was separated from the Division of the Budget and was vested in a homogeneously related staff

division under the Governor, the Division of Engineering and Buildings. This separation of this function from the Division of the Budget had been broached as early as 1962 by the Virginia Advisory Legislative Council's Committee on Capital Outlay Operations. The shift had been resisted by the Director of the Budget on grounds of divided responsibility and increased administrative costs accruing from duplicated staffs.⁵⁹ On a later occasion the Director of the Budget reaffirmed his belief in the need for unity in preparing an executive budget.⁶⁰ In spite of these protestations, the Division of Engineering and Buildings was formed in 1966.

State-Level Automated Data Processing

Early Developments Including the Harrison Administration

Philosophical attachment of the State of Virginia to modern equipment is not new. Early reports of the Auditor of Public Accounts make reference to new tabulating and punch card equipment. The rapid technological progress of automatic data processing equipment and techniques during the 1950s caught Virginia in the ground swell, but developed generally on an individual agency basis. (For the purposes of this study, the term "electronic data processing" [EDP] will be considered synonymous with "automatic data processing" [ADP]. In 1962, Governor Harrison appointed a committee to survey " . . . electronic data processing equipment in use in the State."⁶¹ The Committee was composed of the Directors of the Budget, Personnel, Purchases and Supply, and the Auditor of Public Accounts. The survey requested, in

part, information about the uses to which electronic data processing equipment was being put; the estimated percentage time EDP was being used for the specific purposes of accounting, statistics, or other; the estimated percentage of time used for internal administration, such as reports; the estimated percentage of time equipment was used by other agencies; the costs and cost factors, such as the time used, the installation fees, the number of operating personnel, and the rental or purchase of equipment. The survey revealed that twenty-eight of ninety-two agencies were using electronic data processing equipment. Of the twenty-eight, six were using computer systems; four of the six computers were located at three institutions of higher education--the Medical College of Virginia, the Virginia Polytechnic Institute, and the University of Virginia. The institutional computers were being used for accounting, engineering, education, and research. All of the equipment was rented, except that at the University of Virginia which had been purchased from endowment and Federal funds. The University of Virginia equipment was being used primarily for research. The survey further revealed that the Division of Budget and the State Council possessed no equipment and expended no funds for that purpose at that time. In contrast, the Division of Personnel was paying \$2,630. per year for service; the Department of Accounts owned twenty-three EDP units at a cost of \$214,200. and incurred additional annual rental costs of \$20,652.; Purchases and Supply, one unit and a modest \$3,192. rental. Other institutions of higher education using noncomputer EDP equipment included the College

of William and Mary, the Virginia State College, and the Old Dominion College.⁶²

The foregoing data suggested several thoughts about electronic data processing in higher education at that time. First, the institutions of higher education were committed to an EDP philosophy which in some measure was related to budgeting by the use of the equipment for accounting and related administrative matters. Second, on the other hand, little commitment to EDP appeared to exist in the Division of the Budget, although other State-level agencies which participated in the budgetary process were significantly committed. Last, the State Council had committed no financial resources although other documents indicate that it was anxious to develop an ADP capability to accommodate its developing data collection programs.

Governor Harrison responded to the survey by designating the Director of the Budget as the Governor's representative with respect to installation of ADP equipment, but also established a position of State Computer Coordinator in the Auditor of Public Accounts office. The coordinator was charged with review, study, and recommendations to the Budget Director on computer installations.⁶³ The State automatic data processing plan, published later, stated, " . . . The creation of this position was the first official recognition of the unique aspects and technical complexities of ADP decision making tasks." A broad interpretation of decision making tasks would include budgeting. The plan continued, " . . . It also emphasized the necessity for a central planning and coordinating function to oversee

Commonwealth ADP growth."⁶⁴

The survey also highlighted the uncoordinated development of ADP resources throughout the State. This lack was further noted in the report of the Higher Education Commission in 1965 which recommended that,

. . . a joint committee on computer services be appointed by the State Council of Higher Education for Virginia and that this Committee work closely with the agency in the office of the State Auditor about future developments of computer services in the State's institutions of higher education.

The Commission's recommendations were endorsed by the State Council and forwarded to Governor Mills E. Godwin, Jr., in February, 1966.⁶⁵

The Division of the Budget and Electronic Data Processing

Early attempts to develop an electronic data processing capability were documented in a memorandum to the Director of the Budget by one of his examiners, F. C. Jones, Assistant Director of the Budget, in June, 1964. Jones suggested that,

. . . [it would be] worthwhile to make a study of the feasibility of the application of electronic data processing equipment to the various programs and projects of the Division of the Budget, especially the preparation of the biennial budgets with special consideration to economy, efficiency, and expediency.⁶⁶

Jones also discussed several associated problems of the limited staff during the preparation of the budget, the restricted time available during the preparation of the budget, the increasing workloads brought about by expanding State functions, and the commensurate increase in the size of the budget document itself. Against this background, Jones pointed to some possible applications of EDP

to the budget preparation, as follows: the preprinting of information in certain columns of the budget forms coupled with postprint tabulations and computations after agencies submit forms; the printing of the recommendations and final version for photographing by the printer; the transfer of personnel information from Division of Personnel punch cards to the appropriate budget forms; the summary and printing of salary data; the making of analyses and summaries of student semester credit hour data submitted by colleges; the production of statistical data for the budget document analysis section; the making of analyses not then being done; the maintaining of the appropriation and the allotment records and controls and the preparation of the advices of allotment; the preparation of comparative reports and analyses (such as the analyses of positions, work loads, program costs, the expenditures for individual items such as food, clothing, drugs, and office supplies); the applicability to some capital outlay projects; and the involvement of the coordinated use of equipment with other agencies with similar needs, such as the Division of Personnel.⁶⁷

Approximately one month later, Jones entered a plea for electronic data processing to help solve several related problems which perennially plagued the Division of the Budget and the legislature, namely, the continuation costs of agencies, the expansion costs, and the new costs.⁶⁸ These three elements of information are the same three that were requested from State agencies in January, 1963, for inclusion into the 1964-1966 biennial budget.⁶⁹ They are also the same three elements that the State Council had attempted to incorporate as

supplementary information on the standard budget forms.⁷⁰

In September, 1966, after Governor Godwin set the tone for the administration, the Department of Accounts in the State Comptroller's Office initiated some changes to a computer system. The Director of the Budget contacted the Department of Accounts and suggested some computer opportunities with respect to the Division of the Budget, as follows:

One possibility is in a more flexible coding system for objects of expenditure. Another is in a review of our own preparation of budget items to ease your coding of expenditures. A possibility for reducing paperwork and reducing time required to exchange information lies in electronically linking our appropriation and allotment records with yours.⁷¹

Although some information subsequently became available on the budget forms, it took until 1969 to develop even a prototype of the electronic data processing capability of which Jones had sought.⁷² Between 1966 and 1969, progress toward EDP became obscured and fused with the overall State development of the automatic data processing program which was actively pursued by Governor Godwin's administration.

Developments under Godwin Administration

Governor Godwin encouraged the development of automatic data processing throughout his administration. His early concerns were reflected in a report by a Computer Advisory Committee. The purposes of the Committee were to review the status of computer development and answer two questions: first, was the State of Virginia obtaining maximum efficiency from personnel and equipment?, and, second, was it

necessary to employ an outside consultant for further appraisal and recommendations? The answers to the questions were no and yes, respectively. Among weaknesses in State ADP capacity, the Committee noted a lack of uniform methods of the systems documentation and less than good documentation of the existing programs.⁷³ The Committee recommended a policy of executive and legislative leadership, a positive and continuing support, and a staff responsible to the Governor within the Department of Administration. Also, it recommended a planned unification of ADP installations to be accomplished over a ten-year period, except that a selected decentralization should be allowed for institutions of higher education. This exception recognized the unique requirements for computers in administration, teaching, and research, but also acknowledged the need for the central control over purchase and installation. Further, the recommendations suggested a statewide policy to ensure a common means of exchange of information or data. The Committee tabulated the costs and anticipated substantial savings as a result of its recommendations.

Of particular note, enclosures to the report revealed that, as of January 1, 1967, the Division of the Budget was not availing itself of ADP services; whereas the previously mentioned State agencies, including the Council of Higher Education and institutions of higher education had expanded their uses of automatic data processing services. Of further note, the Division of Budget was represented on the Advisory Committee, along with the Commissioner of Administration and the Director of the State Division of Planning.⁷⁴

The Higher Education Plan

As might be expected, the State Council was still vitally concerned over ADP capability for itself and the institutions of higher education. Growing out of the Council's previous recommendation for its own advisory committee on electronic data processing, Governor Godwin authorized an Advisory Council on Educational Data Processing with the State Council of Higher Education's Director as Chairman.⁷⁵ The Advisory Council was charged with coordinating with the State Director of Automatic Data Processing and the State Council in the development of a coordinated plan for all State-supported colleges. The plan for (Higher) Educational Data Processing was published and approved by October, 1969, and conformed with criteria established in the statewide plan.⁷⁶ The Educational Data Processing Plan was designed to: effect review of ADP proposals of the institutions of higher education in accordance with the statewide plan; coordinate interinstitutional activities relative to development, training, standards, and sharing of equipment; and coordinate higher education ADP matters with the State Council of Higher Education, Division of Automatic Data Processing, and other interested parties.⁷⁷

The State Plan and Budgeting

Directly related to budgeting were two parts of the statewide (ADP) plan. The plan called for two information systems, an executive and a legislative. Each system contained various subsystems of information, usually maintained by particular State agencies. For instance,

the executive system was designed to contain the ledgers on the personnel, the positions, the retirement, the payroll, a general category, the appropriations, the expenditures, the allotments, the budget files, the funds, and the revenues. On the other hand, the legislative system was designed to store the information on the taxes, the vendors, the central services, the specifications, the usage, the statutory research, the bill drafting, and the bill history. These kinds of information reflected what the legislators oftentimes requested. Upon completion, the two systems would be known as the Legislative and Executive Information System (LEIS). Each of these files would contain some information which is used in the budgeting process during either the preparation or execution phase of the budget.

The two systems were designed to interlock. Information recorded in one could be programmed to produce various kinds of analyses from the other. The potential contribution of the system to budgeting was large. The potential contribution for higher education was also large. For instance, if the higher education information system could be cross-coded with the Legislative and Executive Information System, an enormous analytical capacity would exist.

In mid-1972, the LEIS, unfortunately, was only partly complete. The legislative bill history file was placed in operation for the 1970 legislative session. It possessed the capability of following the bill through the legislative process, giving the salient information such as which committee was working on a bill and what

amendments had been made.⁷⁸

Some concern about the fiscal aspects of the budgetary process was registered by the Division of the Budget which was interested in developing " . . . a procedure for periodic re-examination of revenue estimates."⁷⁹ By the 1970 legislative session, certain elements of the budget had been entered into the executive system and were used, in part, to produce the 1970-1972 Budget. This progress prompted Governor Godwin to announce to the General Assembly that,

Use of automatic data processing facilities in budget analysis has been advanced and plans are active for further use of such facilities in budget production. A model has been prepared as a basis for claiming certain overhead reimbursements from Federal agencies.⁸⁰

By 1972, key elements of the 1970-1972 Budget had been placed in an automatic data processing system for future use in budgetary management and analyses.⁸¹

New Directions

Toward the end of the time period for this study, a new Director of Automatic Data Processing observed that the ADP system had not produced results as well as expected. He, therefore, proposed a shift in emphasis from the previous coordinative role to positive planning for integrated technical systems and consolidated management. In this manner, the Director believed better use could be made of existing ADP capacity.⁸² There are two features which stand out in the new Director's approach. First, he desired a plan which would consolidate computer requirements on the same administrative cycle as budget preparation. Second, the plan would concern

primarily the Richmond-based computer centers, but not the centers at institutions of higher education. The proposed shift in emphasis was not intended to uproot and reorganize past development of automatic data processing, but to make the data more interchangeable and centrally managed. In effect, the shift would add dimensions to ADP by introducing efficiency and effectiveness to the system, and attenuate the cost of adding expensive elements to the system.

By the close of the time frame for this study, State agencies associated with either budgeting or higher education continued to be heavily committed to the philosophy of automatic data processing development. These agencies included the Division of the Budget, the State Council of Higher Education, the Auditor of Public Accounts, the Comptroller, the Division of Personnel, and the Division of Engineering and Buildings.

Powers

At the beginning of the period, the constitutional powers for higher education remained the same as they had been since the 1928 revisions to the Constitution of 1902. Since the budget function was established by statute in 1918, there seemed to be little need for constitutional provision to substantiate that function, vested in the Division of the Budget and to some extent in the Division of Personnel. A few constitutional changes occurred throughout the period 1950-1972 which impinged on the development of formal budgeting methods, but the most changes relative to formal budgeting resulted

from the statutory revisions. These constitutional and statutory changes will be covered as they occurred chronologically, noting their relevance to formal budgeting.

Prelude to the State Council

In 1950, the social, economic, and political forces which eventually created the State Council of Higher Education were beginning to be experienced. There were two resolutions introduced to the General Assembly, one to each chamber--the Senate and House of Delegates. The resolutions were similar in nature, each calling for a commission to study possible changes in the organizational structure of State-supported institutions of higher learning. The texts of the resolutions reflected the concern over the rising costs of higher education, the increasing numbers of out-of-state students, the tuitions, and seeming duplication.⁸³ In the House version, the proposed commission would have been charged specifically to consider, in part: the unit costs of instruction, a well-designed system of accounting for auxiliary enterprises, the financial operations, the proposed budgets for operations, and the capital outlay and long-range improvement plans.⁸⁴ Both resolutions died in committee.

In 1952, the legislative effort was renewed with two more actions in the House of Delegates. First, House Bill Number 43 was introduced to provide for the coordination of the State-supported system of higher education by creating a State Board of Higher Education. The original bill reported by the Committee on Education

was abandoned in favor of an amendment in the nature of a substitute (proposed by the Committee on Appropriations). The bill then passed in the House, but died in the Senate Finance Committee. The principal difference between the two bills holds special relevance for this study. The first bill would have empowered the State Board of Education to receive and consolidate budget estimates of institutions of higher education. On the other hand, the substitute bill allowed a coordinating council only to receive budget estimates and make recommendations to the Governor. Although the amended bill failed to pass, it presaged the future character of the successful law in 1956 which established the State Council of Higher Education.⁸⁵

A few days after the failure of House Bill Number 43, a resolution was introduced to create a joint House-Senate committee on higher education. The committee would have been empowered to investigate such matters as the General Assembly or the Committee itself would choose.⁸⁶ The resolution passed the House, but died in the Senate Rules Committee.

Constitutional Amendments--1952 and 1956

In 1952, a Constitutional amendment was ratified permitting the State to appropriate funds to the agencies or the institutions created by two or more States.⁸⁷ This amendment eased the way for the State to join compact organizations such as the Southern Regional Education Board which later rendered advice and counsel to the State Council on such matters as formula budgeting, student aid, and

information systems.

A further amendment of this same article occurred in 1956. This revision permitted the General Assembly to appropriate public funds for Virginia students in the public and the nonsectarian private schools. Although the amendment was responsive to the integration of public schools at that time, it broke precedent with the past and set the stage for amendments in 1970-1971 permitting loan assistance to students attending private institutions of higher learning.⁸⁸

The State Council of Higher Education--1956-1966

The events leading to the final approval of the State Council of Higher Education in the 1956 legislative session bore similar trademarks to the 1954 session. Again, two bills, similar to the 1952 bills, were introduced into the legislature.⁸⁹ Both bills were referred to the Appropriations Committee. The more moderate bill was reported and passed into law. The statute creating the State Council of Higher Education read as follows:

. . . [to promote] the development and operation of a sound, vigorous, progressive, and coordinated system of higher education in the State of Virginia. . . . [The Council was] charged with the duty of assembling data and with the aid of boards and officers of the several institutions preparing plans under which the several state-supported [sic] institutions of higher education of Virginia shall constitute a coordinating system. Such plans shall indicate the responsibility of the individual institutions for developing programs in specified fields of undergraduate, graduate, and professional education. The Council shall have the power, with the approval of the Governor . . . to limit any institution to such curriculum offerings as conform to the plans adopted by the Council . . . the Council insofar as practicable shall preserve the individuality, traditions, and sense of responsibility of the respective institutions. It shall have no authority over endowment funds now held or in the future received

by any of the institutions. [It shall] study questions requiring State-wide policies in higher education and shall make recommendations . . . to the institutions of higher education . . . to the Governor or . . . to the General Assembly. [It shall] cooperate with the State Board of Education . . . in connection with . . . college admission requirements and teacher training programs . . . Not less than thirty days prior to submitting its biennial request to the Governor . . . each institution shall transmit to the Council a duplicate original of its budget request . . . the Council shall prepare an estimate of such needs for each year of the ensuing biennium, coordinating the budget requests of all the institutions but identifying . . . each institution. . . . The Council shall determine, in cooperation with both public and private institutions . . . , the probable number of students who will seek a college education, . . . what locations are suitable for branch institutions or extension work, choose the existing State institutions which are best suited to operate such branches or extensions, and ascertain the cost to the State of such branch or extension institutions . . . The Council shall report on these matters . . . biennially . . . to the Governor and General Assembly . . . No state institution of higher learning shall establish any additional branch or division or extension without first referring the matter to the Council for its information, consideration, and recommendation and without specific approval by the General Assembly . . . The Council shall undertake such studies . . . as the Governor and General Assembly . . . may from time to time require of it . . . and utilize the facilities of existing State departments, institutions, and agencies . . . The powers of the governing boards of the several institutions over the affairs of such institutions shall not be impaired by the provisions of this act except to the extent that powers and duties are herein specifically conferred upon the State Council of Higher Education.⁹⁰

The powers granted to the State Council were substantial in comparison to the funds appropriated. During its first two years of operation, \$22,500. was appropriated for the Council's use. The contrast between delegated powers and money appropriated reflected the same ambivalence as had existed between the two original sets of bills which had been introduced to establish the Council. Those legislators who desired a strong Board supported one bill; whereas those legislators who desired a weaker coordinating Council supported the other bill.

Abridgement of the State Council

The ambivalence came to a head in 1960. The Council had submitted its first biennial budget recommendations to the 1960 legislature concerning the institutions of higher education. The Council recommended some positive and some negative actions relative to the institutions of higher education. Then an unusual event occurred. The Budget Bill for the 1960-1962 biennium appeared with a stipulation regarding the appropriations for the State Council. The stipulation read as follows:

"STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA		
"Item 408	First Year	Second Year
"For providing for the coordination of the State-supported system of higher education	\$62,130	\$50,950
Provided, however, that no expenditure of this appropriation shall be made for the coordination of institution budgets as set forth in § 23-9.9 of the Code of Virginia." ⁹¹		

Section 23-9.9 of the Code of Virginia granted the State Council the powers to review the budgets of institutions of higher education. There is little available evidence to explain why the Council's budget review powers were suddenly curtailed. The event did suggest, however, an ambivalence in legislative support for the State Council at that time.

Restoration for the State Council--1966

By 1966, new forces had been generated in the legislature and

a series of statutory changes occurred which related to budgeting and higher education. First, the budget review powers of the State Council were restored.⁹² The restoration of these powers had been strongly recommended by the Higher Education Study Commission (1965), directed by John Dale Russell.⁹³ The Council director and other proponents also supported the restoration of the original budgetary powers. Furthermore, the restoration occurred at the confluence of several important conditions: the move on the part of the Division of the Budget toward formula budgeting; the growing influence of a vigorous new Director of the Council; and the dedication of a new governor to continue the improvement of higher education and to modernize State government with respect to automated data processing and program budgeting.

Several other statutory changes occurred in 1966. First, the legislature authorized the State Council to continue and to complete studies begun by the Commission on Higher Education.⁹⁴ Next, a Commissioner of Administration was established to accomplish two major objectives: one, to promote efficiency in administrative management; and two, to relieve the Governor of many burdensome details.⁹⁵ The Commissioner of Administration was charged with: supervising the various divisions within the Governor's Office, coordinating their activities with other agencies, and executing the management function of the Governor.⁹⁶

New Agencies--1966-1970

Between 1966 and 1970 several new State agencies were created. One, the Division of Engineering and Buildings, has been previously mentioned.⁹⁷ This Division absorbed many of the housekeeping details which formerly had been administered by the Division of the Budget, and it also absorbed the capital outlay function, splitting the executive budget function in a major fashion. The shift had been recommended by the Commission for Economy in Governmental Expenditures to relieve the Division of the Budget of administration not related to fiscal matters. Consequently, the responsibilities of the Division of the Budget were reduced to preparing and administering the budget, and inquiring into possible cost reduction.⁹⁸ The remaining budget staff were few in number (five) to plan, prepare, and execute the entire budget for a burgeoning State bureaucracy.

Along with the reorganization of the Governor's Office, a Division of Planning was created. The former Division of Industrial Development and Planning was divided into two divisions--Planning and Industrial Development. The Division of Planning was charged, in part, with responsibility for: basic statewide planning, including a State master plan representing the coordinated efforts and results of all participating planning groups; long- and short-range economic analyses and projections; liaison with Federal agencies; internal planning of State agencies; and cooperative joint efforts in planning.⁹⁹ (In two years the name was changed to Division of

Planning and Community Affairs to reflect its central focus.)

Last, the Division of Automated Data Processing which was established by Executive Order in June, 1968, and given statutory powers in 1970. The Division of ADP was charged in part to provide for the efficient and coordinated use of ADP techniques, personnel, and equipment.¹⁰⁰

The significance of these changes in statutory powers was several fold. First, the Commissioner of Administration became an active agent in the budget process in spite of the fact that no statutory change occurred in the duties of the Division of the Budget, other than the removal of the capital outlay function to the Division of Engineering and Buildings. Next, the establishment of the Division of Planning introduced another agent into the overall planning process. The Division of the Budget, Division of Planning, Division of Engineering and Buildings, the State Council, and institutions of higher education were all empowered in some degree to engage in budgetary planning for higher education. Finally, the development of an automated data processing capability presaged more efficient and more effective budgeting.

Constitutional Amendments--1970-1971

The need for capital resources for higher education and other activities had become so acute during the early part of his administration that Governor Godwin vigorously pursued flotation of general obligation bonds totaling eighty-one million dollars under the pre-1971

Constitutional provisions. Some deficiencies in capital outlays for higher education were expected to be satisfied by the flotation.¹⁰¹ The net effect of eventually floating the general obligation bonds under the pre-1971 Constitution took some of the immediate pressure off the higher education budget. (The pre-1971 provisions generally paralleled the first two methods for issuing bonds under the 1971 Constitution, although the earlier constitution permitted only a low debt limit.¹⁰²)

In 1970, a new State Constitution was ratified after several years of preparation and became effective on July 1, 1971. Several features in the new Constitution affected the allocation of capital resources to higher education. First, revised authority for borrowing monies backed by the full faith and credit of the State was obtained. The revised authority allowed the State to pledge full faith and credit of the State by three methods: for emergencies; for single purpose projects; or for revenue producing projects. The first method could be authorized by the General Assembly; the second had to be authorized by a majority vote of both houses of the legislature followed by a successful popular referendum; the third could be authorized by a two-thirds majority vote of the legislature. The overall debt limit for the State was raised from 1 per cent of the taxable assets to 1.15 per cent of the average annual tax revenues from the income and the retail sales taxes over the previous three years. The change raised the debt limit substantially. The new debt authority marked a significant step forward in the financing and allocation of

State resources. But, the need for more funds was so great that a Constitutional revision was needed to raise the debt limit and to simplify procedures. The Constitutional change related to formal budgeting because the monies raised by debt financing in higher educational institutions was used exclusively for capital outlays, and the problem of allocating funds for capital outlays was being advanced by the State Council through the Space Utilization Guide and other related studies.

There are two other Constitutional revisions which focused the increased attention to developing formal methods of budgeting for higher education. First, the new Constitution authorized the General Assembly to provide loans to Virginia students attending nonprofit colleges and graduate schools, so long as the training was not religious or theological in nature.¹⁰³ This represented a marked shift in public support for students attending private institutions in Virginia. At the same time, the new Constitution authorized the General Assembly to establish an agency to assist in borrowing money without State obligation for construction of educational facilities.¹⁰⁴ As programs were developed under these new authorities, some State agencies, especially the State Council, were confronted increasingly with developing formulae to allocate appropriated funds.

New Agencies--1970-1972

In 1972, two statutory changes occurred that portended the eventual alteration of formal budgeting processes. First, the

legislature established six Secretaries which form a Cabinet for the Governor. The Secretaries were empowered as follows:

. . . [to] exercise such powers and perform such duties as may be delegated . . . by the Governor to execute the management functions of the Governor with regard to those agencies for which the secretary is responsible . . . each secretary shall be vested with the powers of the Governor, if authorized by the Governor, with respect to those agencies for which the secretary is responsible.¹⁰⁵

The powers of the Secretary of Administration were virtually synonymous with the former Commissioner of Administration; hence, the relationship with the Divisions of Budget and Automated Data Processing remained approximately the same. However, the Secretary of Education became responsible for the management of the State Council and other educational agencies. The Secretary of Finance became responsible, in part, for the Departments of Taxation, Treasury, Accounts, and Purchases and Supply.

The second statutory development in 1972 related to the establishment of a General Accounting Office (GAO) for the State of Virginia. Under a Director elected by the General Assembly, the GAO was empowered to study " . . . on a continuing basis the operations, and practices and duties of State agencies as they relate to efficiency in the utilization of space, personnel, equipment, and facilities."¹⁰⁶ The GAO was also charged with reporting on duplications which should be redistributed or redefined and on ways to improve efficiency, economy, and service to the State. The GAO did not become operational because the statutes governing it were modified by the next legislature. Speculation about the impact of the original or a

successor agency would follow the same line of thought presented for the Secretaries and Commissioner of Administration. Namely, another power entered the arena of budgeting. Also, its nature as a "watch-dog" agency over efficiency and utilization would influence the allocation of resources to some extent.

The last development in 1972 which probably will make an impact on formal budgeting methods for higher education was the creation of the General Assembly Commission on Higher Education. Commonly known as the Stone Commission (named for Senator W. F. Stone of Martinsville, Virginia), the formal purpose of the Commission was to examine the financing, coordinated planning, and priorities toward a unified system of higher education.¹⁰⁷ The report of the Committee was not due until November, 1973.

By way of interim summary, two general trends could be observed from the changes in budgeting powers between 1950 and 1972. First, further fragmentation occurred in the budgetary process from laws which specified budgeting powers for the State Council of Higher Education and the Division of Engineering and Buildings. In similar fashion, budgeting responsibilities were assumed by other agencies, such as, the Commissioner of Administration, the various Secretariates, and the several planning agencies. The effects of the most recent developments--the General Accounting Office and Stone Commission--were unknown at the close of the study, although their functioning in the budget process would fragment the process even further.

Second, the constitutional changes between 1950 and 1972

impinged on two situations related to formal budgeting methods for higher education, namely, student aid for nonpublic and nonsectarian institutions and the extension of the State debt limit. Allocating funds for student aid led to a formula-style solution. Increasing the debt limit temporarily eased the financial pressures for capital outlay funds until the space utilization guide was completed.

Structures

Structural changes included the formal organizational, functional, and personnel changes that occurred in the State agencies. Such structural changes often reflected the current policy, or emphasis being placed upon the operation of the government; but these changes are treated as distinct from the philosophy or allocation of constitutional or statutory powers. In sequence, the following agencies will be covered: the State Council of Higher Education, the Division of the Budget, Division of Automated Data Processing, and the superstructure of government embracing the Commissioner of Administration and Secretariates.

The State Council of Higher Education

The State Council began its operations with a very small professional staff of one Director and a secretary in 1956. By 1960, it had grown to include a Director, Assistant Director, and two secretaries.¹⁰⁸ The growth of the Council's staff was minimal until the Council received political and financial support during the administrations of Governors Harrison and Godwin. The professional staff

remained at three specialists and three secretaries until 1964. In 1965, the Higher Education Study Commission recommended an operating budget sufficient to staff the Council.¹⁰⁹

Early Committees

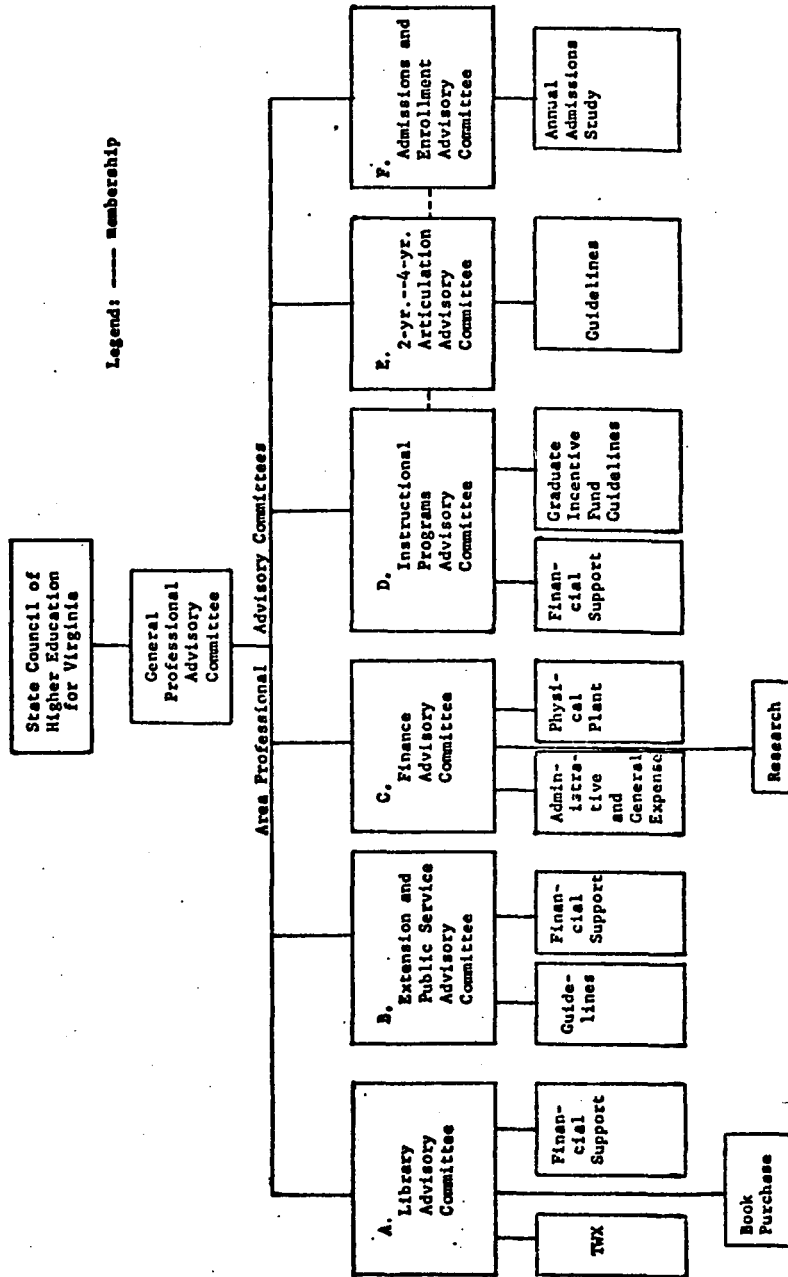
In the early years, the Council functioned on the basis of ad hoc committees, such as the one-man Committee on Educational Affairs and the Committee on Scholarships and Loans.¹¹⁰ This structure of operation was a function of the small staff, but also it may have reflected the role perception of the staff. For instance, in 1959, the Council perceived itself in three roles: advisory, regulatory, and developmental.¹¹¹ The advisory role was implemented as a coordinating agency for the Governor, General Assembly, and institutions of higher education; the regulatory role involved program and budget review; the developmental role presumed the development of a system of higher education in Virginia. By the end of 1963, under the leadership of McFarlane, the Council reported involvement with four committees which were concerned with budgetary matters; the four committees were composed of: admissions officers, collegiate registrars, governing board members, college business officers, representatives of the State Auditor and Budget Director, and college librarians.¹¹² The committees functioned respectively in the areas of admissions, uniform statistical reporting, educational costs, and library costs.

At the same time, the Council participated in quasi-committee

projects. Probably the most noteworthy such project was the Virginia Cost Study between 1962 and 1964. The Cost Study and its subcommittees brought together a number of institutional presidents, business officers, representatives of key State agencies like the Division of the Budget and the Auditor of Public Accounts, and some representatives from private interests.¹¹³ The impact of the Cost Study on formal methods of budgeting is particularly noteworthy. The Subcommittee on Classification of Accounts developed a set of definitions, instructions, and statement of expenditures, representing a certain degree of consensus among the institutions of higher education and, thus, laid the groundwork for establishing a uniform Chart of Accounts for higher education.

The Professional Advisory Committee System

With the change of Directors in the Fall of 1964, the Council revised the old committee system into a Professional Advisory Committee (PAC) system by 1966. The system was composed of an overall General Professional Advisory Committee (GPAC), with subcommittees for functional areas such as Library, Extension, Finance, Instructional Programs, 2-Year/4-Year [sic] Articulation, and Admissions and Enrollment (see Figure 1). The General Committee was generally composed of the administrative heads of institutions, including Community Colleges. The Plan for the Professional Advisory Committees specifically noted that the system was not intended to preclude or restrict the Council of Presidents of State-Aided Institutions of Higher



Source: Virginia, State Council of Higher Education. "Professional Advisory Committee Plan" with enclosure, April 27, 1966. [Typewritten; archives.]

Fig. 1.--Structure of the Professional Advisory Committee Plan of the State Council of Higher Education for Virginia--1966

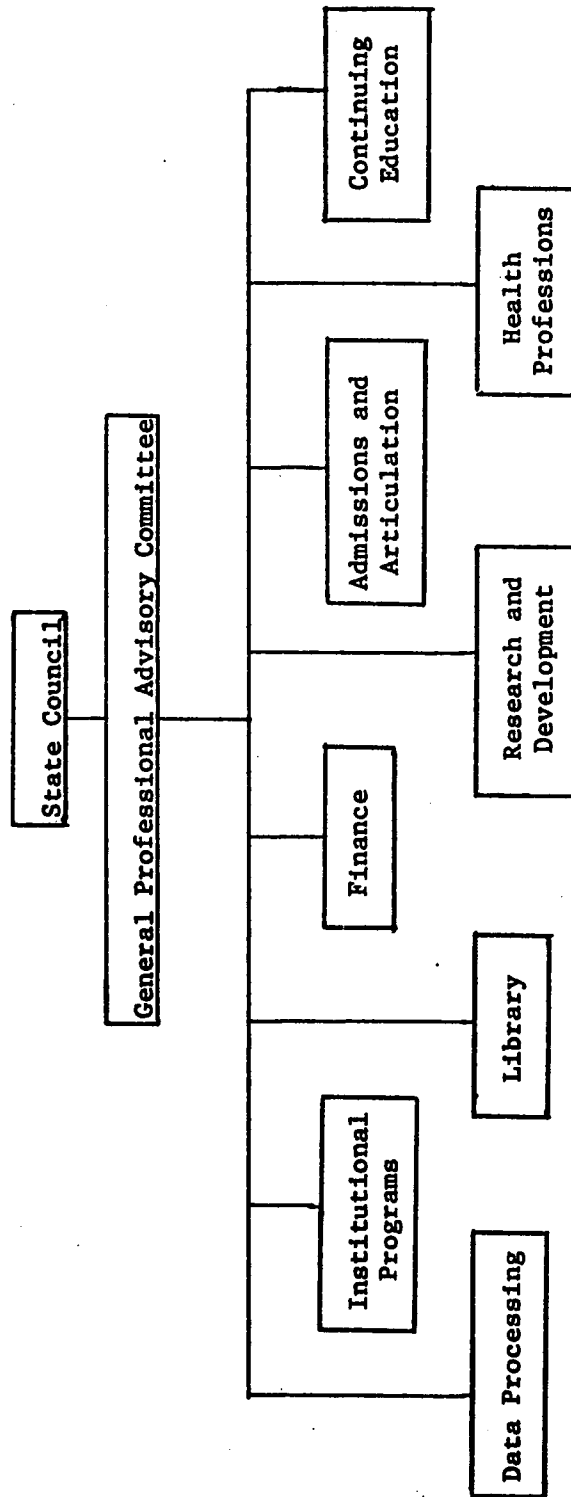
Learning in Virginia. The other committees were composed of appropriate representatives designated by each four-year institution of higher education and the State Board for Community Colleges. Also, the committee memberships included one or more designated staff members from the Council. The tenure of committees was established as two years. The Council reserved the prerogative of appointing additional advisory committees. The Council also reserved the prerogative of releasing all public information about the work and reports of the committees.¹¹⁴

Some of the functions of the various committees, as outlined in the Plan, were particularly relevant to this study. For instance, the General Professional Advisory Committee provided recommendations and advice to the Council upon request, or, conversely, made recommendations it deemed appropriate. It developed and recommended guidelines to promote financing a progressive and coordinated system of higher education, and, very importantly, reviewed and acted upon policy recommendations from the area advisory committees prior to submitting recommendations to the Council. In similar fashion, some area advisory committee functions were highly relevant: the Library Committee formulated and recommended guidelines for the financial support of libraries; the Finance Committee assisted in the development of a uniform system of budgeting and accounting; the Instructional Programs Committee recommended guidelines for administering the Graduate Incentive Fund, teaching loads, student-faculty ratios, and the like, and recommended financial support differentials for the

several levels of instruction (i.e., foundation, lower- and upper-undergraduate, graduate, professional); the Admissions and Enrollment Committee recommended guidelines for population projections and enrollment studies. All of these cited functions pertained to controversial issues which had developed over the years. The Professional Advisory Committee System represented a more formalized approach than the previous advisory committee system.

The efficacy of the System was evident from the relatively rapid developments in the Information Data Gathering System, the space utilizations guidelines, the revisions to the Chart of Accounts, and the development of the Automated Data Processing Plan. The role of the professional committee system in developing an Educational Data Processing Plan (to be distinguished from electronic data processing--EDP) represents an example of the dynamic and responsive quality of this system to integrating the requirements of institutions into the State level of the higher education system. The Educational Data Processing Plan was developed by an area committee which was formed to coordinate the data processing requirements of higher education with the Division of Automated Data Processing.

In July, 1972, the Council reported eight committees, reflecting some realignments and additions, as follows: Data Processing, Institutional Programs, Library, Finance, Research and Development, Admissions and Articulation, Health Professions, and Continuing Education (see Figure 2). The functions of the committees did not change much from the original ones, although some realignments



Source: Virginia, State Council of Higher Education, "The Virginia Higher Education Report." July, 1972. P. 1.

Fig. 2.--Structure of the General Professional Advisory Committees of the State Council of Higher Education in Virginia--1972

did occur.¹¹⁵

The Division of the Budget

Between 1950 and 1958, the Division of the Budget functioned much as it had for decades before. Shortly after a change in Directors in 1958, the Division was reorganized into five distinct sections with functions closely resembling their titles: an Administrative Office, an Engineering Section (for capital outlays), a Bureau of Property Records and Insurance (for all State-owned property), a Central Telephone Exchange, and a Buildings and Grounds Section (for Capitol Square Area).¹¹⁶ The heart of the budgeting structure lay in the Administrative Office which passed judgment upon most policy interpretations and maintained contacts with external committees, commissions, agencies, and institutions. It carried the workload in preparing and executing the Budget Document and Budget Bill, with the exception of preparing capital outlays. Policy decisions about the overall budget were largely transactions between the Director and the Governor. By 1963, the Division of the Budget had accumulated two more sections and the staff distribution of the various sections were reported as follows:

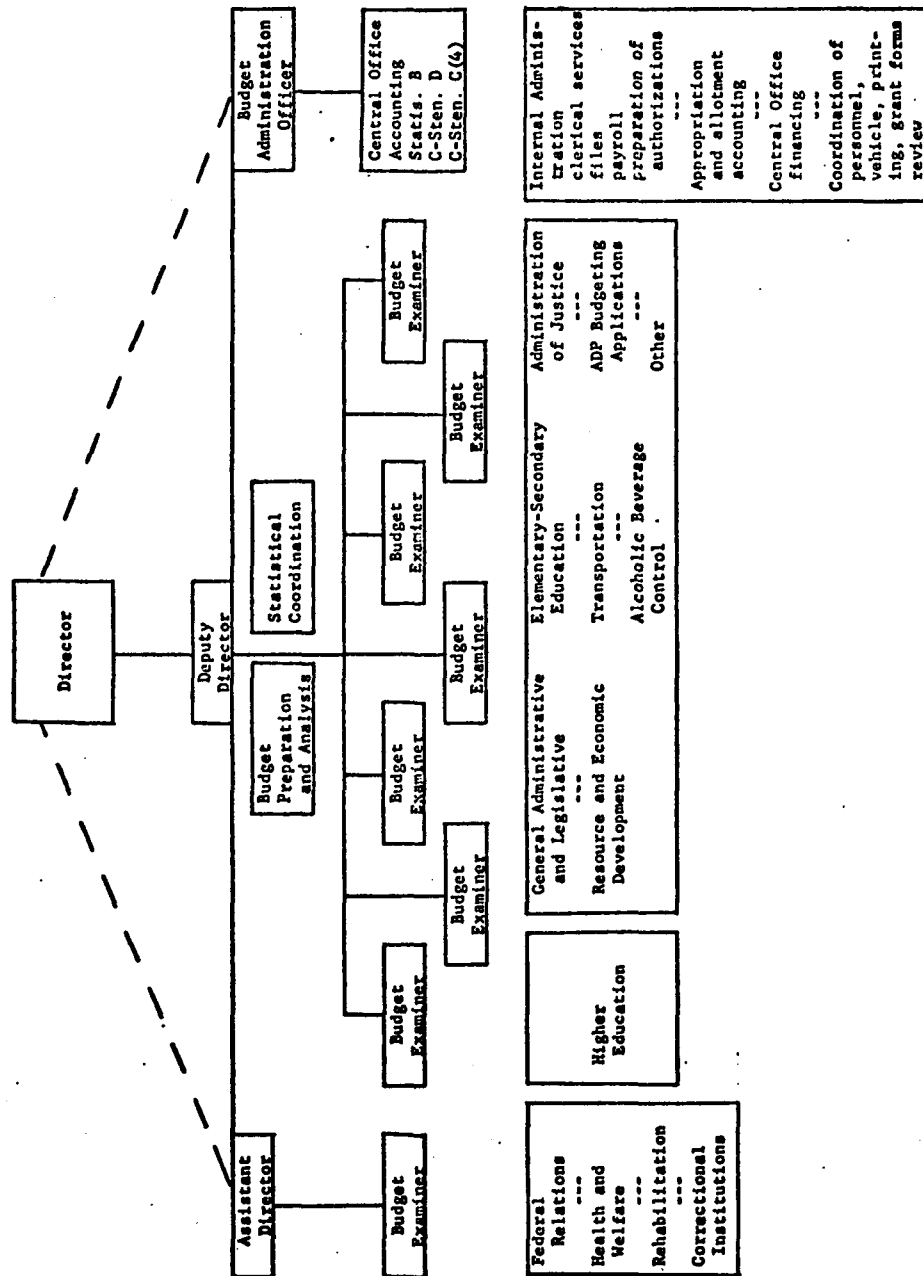
Administrative Office	10
Engineering Section	26
Buildings and Grounds	196
Central Telephone Exchange	12
Bureau of Property Records and Insurance	3

Capitol Police	20
Central Accounting	10. ¹¹⁷

By 1966, the Buildings and Grounds Section had been expanded to include 314 employees, while the other sections remained approximately the same.¹¹⁸ During the reorganization which took place under Governor Godwin, the Division of the Budget lost most of its housekeeping functions, leaving the Division with basically the Administrative Office consisting of five professional budgeteers and a promise to expand the staff to twelve members.¹¹⁹

By 1969, the organization chart for the Division of the Budget showed positions for a Director; a Deputy Director; an Assistant Director; an Administrative Officer; seven administrators, accountants, and clerks; and eight budget examiners (see Figure 3). Each budget examiner was assigned an area of specialty; one specialist was assigned to higher education. The examiners were selected for their training in accounting or business administration and experience in specialty area. The functions of this revised Division of the Budget were to advise the Governor concerning matters with fiscal import and to administer fiscal-related activities assigned by statute or the Governor. Within the routine preparation and execution of the budget, roles were identified in the listing of tasks that included the responsibility to:

Recommend, following review, actions by the Governor concerning agency activities and policies affecting State fiscal plans (e.g., programs, positions, funding policies, grants, standards). Also, in conjunction with the Division of Personnel, recommend action by Governor concerning salary scales and other cost-related personnel



Source: Virginia Division of the Budget. "Organization Chart," June, 1969. [Xeroxgraph work paper; archives.]

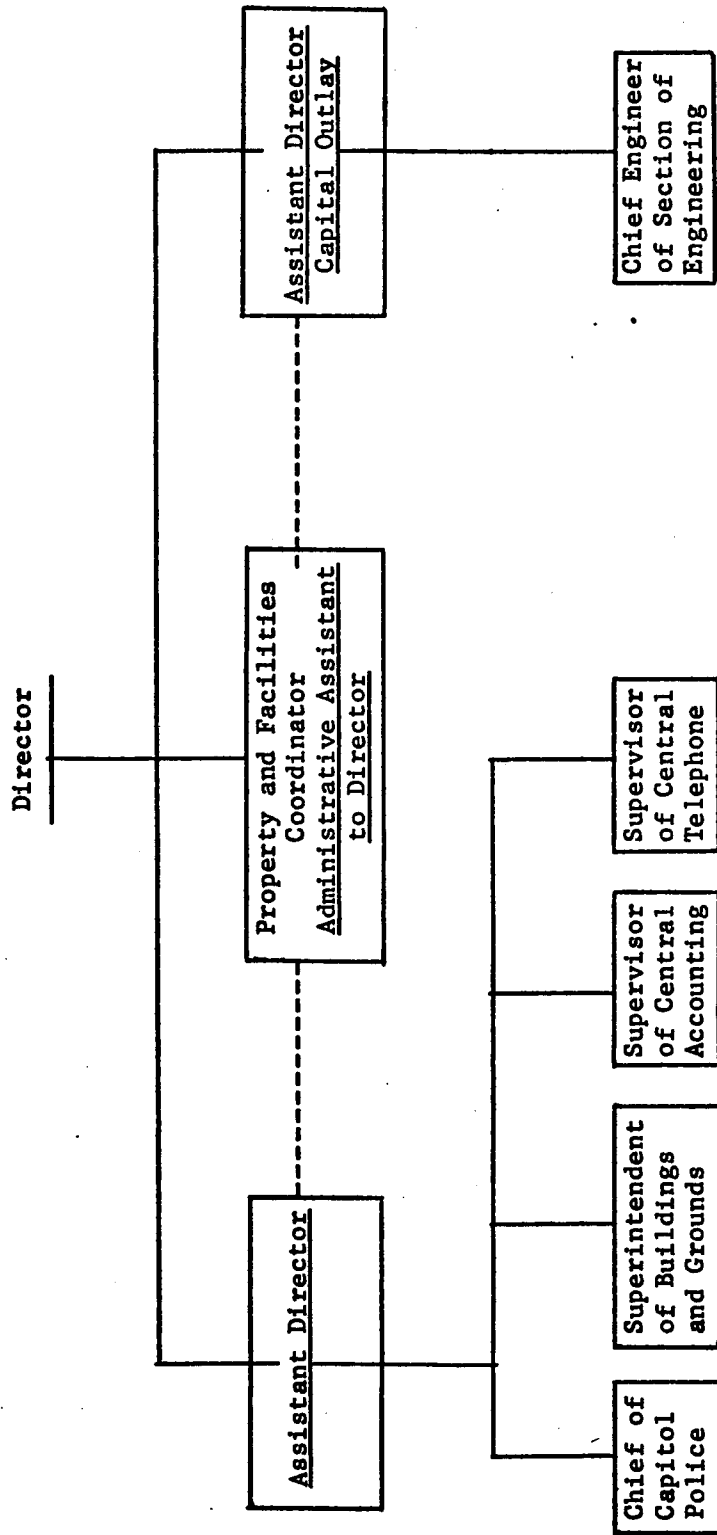
Fig. 3.—Structure of the Division of the Budget--June, 1969

policies.¹²⁰

Previously noted was the withdrawal of the capital outlay function from the direct control of the Division of the Budget during the 1966 reorganization (see Figure 4). Structurally, the new Division of Engineering and Buildings was separated from the Division of the Budget, but the Division of the Budget was still required to piece together the final Budget Document and Budget Bill. The separation of Engineering and Buildings increased the coordinative role of the Division of the Budget. Structurally, the Division of the Budget has remained much the same since 1969, but it regularly engages outside assistance during the peak workloads during preparation of the biennial budget.¹²¹

Division of Automated Data Processing

The formal development of an automated data processing capability began with a provision in the 1962 Appropriation Bill which specified that requests for electronic equipment required the approval of the Governor before purchase. Prior to that time, some long-standing provisions of statutes made the Auditor of Public Accounts responsible for the operation of accounting systems and equipment. The Division of the Budget played a role in this structure by recommending the approval or the disapproval of capital funds for such purchases.¹²² The rapid acquisitions of equipment by State agencies including the institutions of higher education posed a burgeoning financial problem.



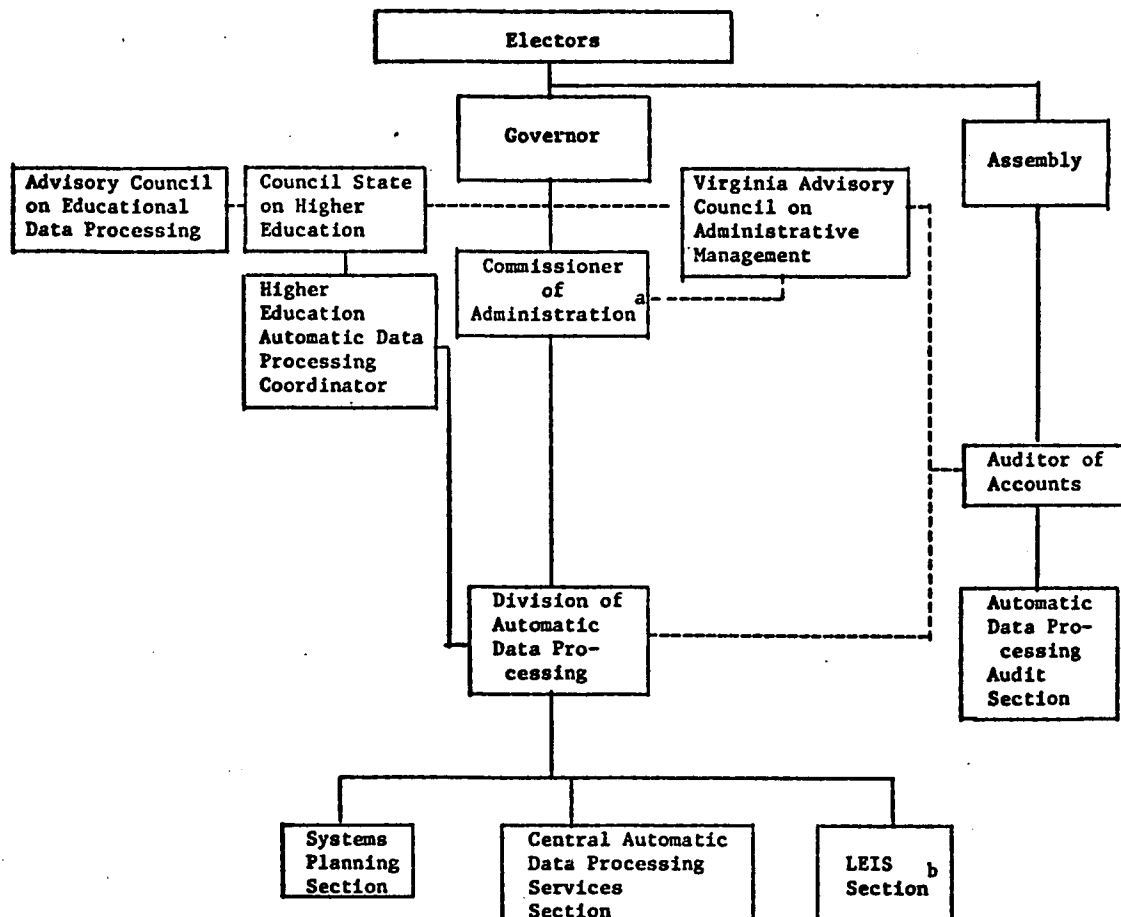
Source: Memorandum, Director of the Division of Engineering and Buildings to the Heads of Sections of the Division of Engineering and Buildings. "Administrative changes effective April 1, 1970." March 16, 1970. [Archives.]

Fig. 4.--Structure of the Division of Engineering and Buildings--1970

Early Structures

Different sources disagree about the structures which were established between 1962 and 1967 to deal with automated data processing development. One source stated that on June 1, 1963, a State Computer Coordinator was established in the office of the Auditor of Public Accounts.¹²³ Another source states that the Governor appointed a computer committee comprised of representatives from State agencies, excluding the institutions of higher education.¹²⁴ Common agreement was found that the Auditor was responsible for the design and installation of computers in all State agencies.

During this time, the computer needs for the institutions of higher education were handled informally. The Auditor normally requested that a committee of educators, appointed by the institutions of higher education, review and submit the institutional requests. If the equipment was needed to establish a new instructional program, the program required approval of the State Council of Higher Education. Coordination between the State Council and the Auditor was handled informally and with success.¹²⁵ In 1966, the Director of the Council recommended to Governor Godwin that a joint committee on computer services be formed to work closely with the Auditor about future developments in computer services for higher education.¹²⁶ The Governor greeted the idea favorably,¹²⁷ and eventually a complex automated data processing structure evolved (see Figure 5).



^aOther Divisions in the Department of Administration are: Planning, Budget, Personnel, and Engineering and Buildings.

^bLegislative and Executive Information System Section.

Source: Virginia Division of Automatic Data Processing. "Automated Data Processing in Virginia." Richmond, Virginia: Division of Automatic Data Processing, 1968. P. 20. [Archives.]

Fig. 5.—Structure of Statewide Automatic Data Processing

The Computer Advisory Committee

A Computer Advisory Committee was formed under the direction of the Commissioner of Administration. The Committee was composed of five business and industrial leaders.¹²⁸ The initial report of the Committee recommended that the computer requirements for higher education be reviewed by a separate board, because the requirements for higher education could not be evaluated in the same terms as other State agencies or business enterprises. The Committee suggested an Advisory Council on Educational Data Processing (Educational Council) under the auspices of the State Council of Higher Education, specifying that planning and administration of the computer program remain with the State automated data processing authority. Although a Division of Automated Data Processing was designed to implement a long-term policy of decentralized operation, a common methodology, and the coordinated acquisition of equipment, the Educational Council was expected to assure that the computer needs of higher education were met; to provide a forum for institutional representatives to exchange ideas about automated data processing; to make recommendations to the State Council for an annual higher education plan which would be integrated into a statewide plan; and, finally, to recommend priorities for equipment acquisition. The report also recommended continuation of the Advisory Council for two years, until an automated data processing plan could be implemented. It further recommended that the Council be enlarged to twenty-five members, including most

State agencies, the Department of Community Colleges, but not the State Council. Finally, it recommended that the Commissioner of Administration be the Chairman of the Advisory Council and also the Chairman of a Steering Subcommittee.¹²⁹

Virginia Advisory Committee
on Administrative Management

Most of the recommendations of the Advisory Council's report were followed scrupulously. However, a few individual touches were added in the implementation. Governor Godwin issued an Executive Order on March 4, 1968, authorizing the establishment of a Virginia Advisory Council on Administrative Management (VACAM), a State Director of Automated Data Processing, the continuation of the Governor's Computer Advisory Committee, a Division of Automated Data Processing, and the Advisory Council on Educational Data Processing.¹³⁰

The VACAM was designed " . . . to promote at the policy level the efficient development of a statewide information system."¹³¹ The functions were defined to include: a forum for the interchange of ideas, the review of the statewide plan for information systems, the intermediate and long-term State ADP policy, guidance to the Automated Data Processing Division. The last included the operational feasibility of coordinated statewide information systems and standards for automated data processing, a channel of appeal for agencies, and legislative recommendations. The Management Council membership included the Commissioner of Administration, the Director of the State

Council, and Director of the Division of Planning. A moratorium was called on all computer acquisitions until a plan was developed and procedures for requesting equipment were altered.¹³²

In the structural and the procedural alteration, the authority of the Division of the Budget remained basically the same. However, initial requests for equipment were to be directed to the Division of Automated Data Processing which would coordinate requests with the Auditor of Public Accounts when accounting systems and functions were involved.¹³³

The Statewide Plan for Higher Education

By October, 1969, the statewide automated data processing plan had been published for the use of State agencies. Before the statewide plan, the State Council had formed the Advisory Council on Educational Data Processing and approved a higher education Educational Data Processing/Automated Data Processing plan prepared by the Educational Council.¹³⁴ The Educational Data Processing/Automated Data Processing plan was reviewed by the Governor, who commended the State Council and Educational Council for their efforts.¹³⁵

The Educational Data Processing plan called for regional decentralization of higher educational automated data processing, in accordance with the original recommendation of the Computer Advisory Committee in 1967. This emphasis continued until the end of 1971.¹³⁶

Reorganization

In 1972, the new Director of the Division of ADP noted shortcomings in the operation of the ADP plan with respect to developing interchangeable information between agencies, including higher education. He viewed the remedy as a function of managing the system more effectively. Since then, the Division of Automated Data Processing has been internally reorganized to achieve these ends.¹³⁷ However, the external structures remain basically the same as established in 1968.

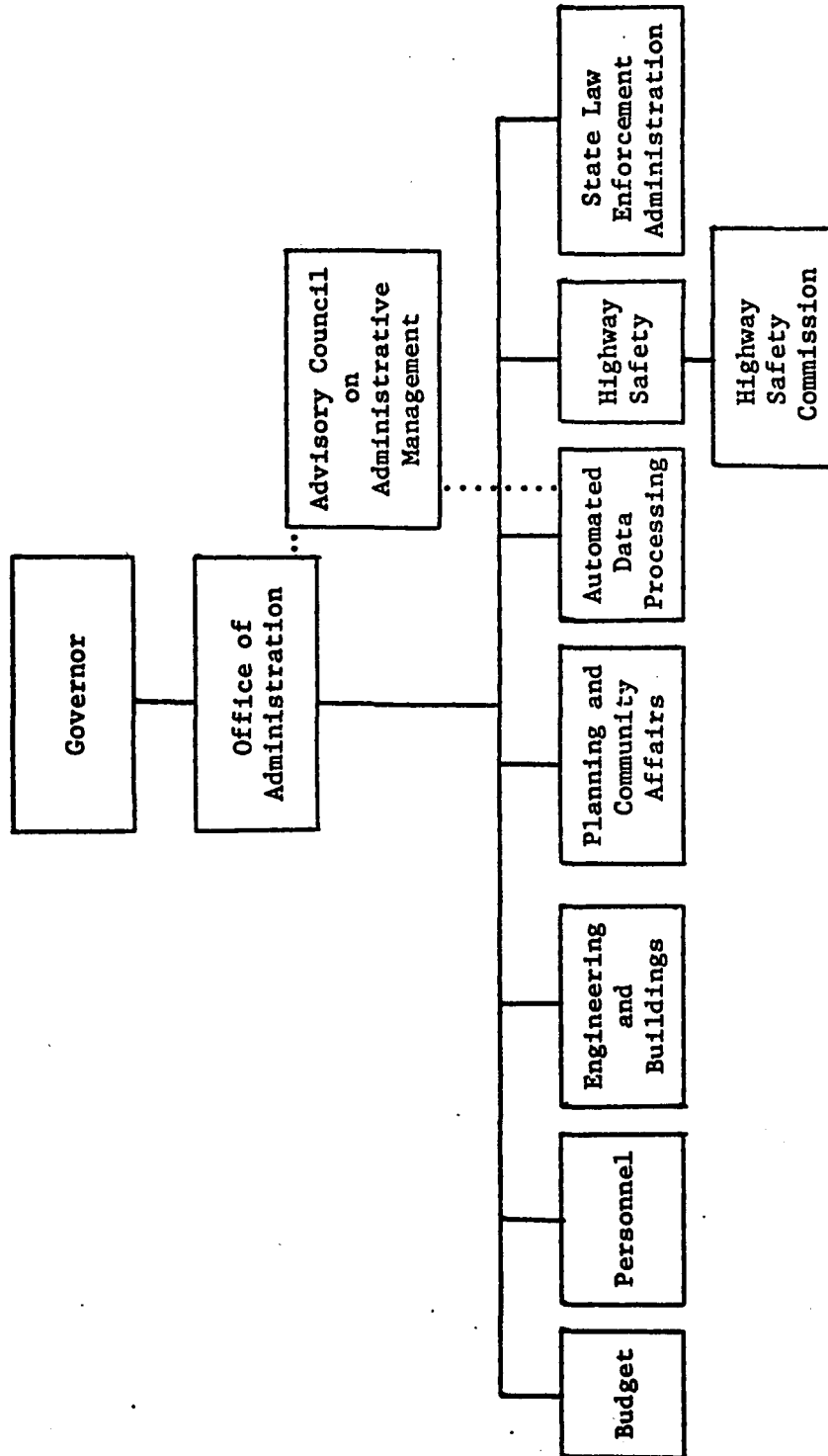
The implications of these structural developments upon the budgeting process for higher education suggested that State agencies and institutions of higher education had been budgeted for automated data processing equipment so extensively that elaborate mechanisms were needed to hold acquisitions within reasonable bounds. Some State agencies, like the Division of the Budget, had not availed themselves of this potential, and they fell behind the natural course of progress.

Superstructure

The last set of structures which will be discussed is the Secretariate superstructure over the State agencies, with particular regards to the Division of the Budget and State Council of Higher Education. The superstructure is relevant to this study because the policies which are formed in such are bound to influence the agencies lower in the bureaucratic hierarchy.

In 1950, the Governor's personal staff included an Executive Assistant who handled the many administrative duties to ease the burden on the Governor.¹³⁸ The routine and policy matters alike, relative to the budget, were reviewed by this official, although the Division of the Budget was the primary budgetary agency reporting directly to the Governor. The position of Executive Assistant dated back to 1938, but became more important as the years passed and as the State government became more complex. By 1962, the complexities of government prompted Governor Albertis S. Harrison, Jr. to divide the duties of the Executive Assistant among three assistants.

In 1966, the Office of the Governor was reorganized to include a Commissioner of Administration. The Divisions of the Budget, Personnel, and the newly-formed Divisions of Planning, and Engineering and Buildings were brought under the supervision of the new Commissioner (see Figure 6). The object of the reorganization was to more effectively administer the operation of the State government and to relieve the Governor of burdensome duties. The reorganization was designed to produce " . . . a team of closely knit agencies better equipped to serve the needs of the Governor and to coordinate functions of common benefit to departments and agencies."¹³⁹ At the same time, the Commissioner of Administration was available for the " . . . resolution of inter-agency problems."¹⁴⁰ With these aims in mind, the Governor issued an Executive Order on July 1, 1966, empowering the Commissioner of Administration " . . . to execute all documents pertaining to personnel and budget procedures and



Source: Virginia, Governor's Office, Office of Administration. [Working document with enclosure. August 15, 1969. Archives.]

Fig. 6.--Structure of the Office of Administration--1969

administration which heretofore have required the signature of approval of the Governor."¹⁴¹ The combination of these aims and powers can readily be seen to place the Commissioner of Administration in an important position to influence significant elements of budgetary policy and practice.

In 1970, Governor Linwood Holton experienced the pressures of a vastly expanded State government and engaged a Governor's Management Study Commission, to analyze the functioning of the State government. The Commission rendered its report on November 25, 1970. Many of the one hundred recommendations of this Commission required legislative action, so the 1971 Legislature authorized another commission to study the implementation of the Governor's Management Study (GMS).¹⁴² The Implementation Commission submitted its report on February 10, 1972. The Implementation Commission endorsed certain provisions of the Management Study which pertained to reorganizing the State government into a cabinet-style with six Secretaries. Although not all State agencies were grouped under the Secretariates, most of the agencies were. The new Secretaries were initially endowed with small staffs and were intended to perform duties in lieu of the Governor, at his expressed direction. Their role was generally envisioned as that of coordination and problem solving for their respective areas of control.¹⁴³ The implications and ramifications of the Secretariate structure remain the same as those mentioned earlier under "Powers."

An important finding of the Implementation Commission was the

recommendation that the Division of the Budget establish a Management Engineering section and adopt formal project-oriented cost improvement programs. By the terms of its definition, the Management Engineering section could furnish valuable analyses in the budgeting of higher education, but the functions of the Management Engineering section overlap with similar ones established by statute for the State Council and the legislature's GAO.¹⁴⁴ However, the section had not been formed by mid-1972.

Interagency Relations

The primary agencies involved were the Division of the Budget and the State Council of Higher Education. As alluded to previously, the budgetary process is considerably more complex than the operations of just these two agencies; however, since most transactions in higher education at the state level occur between them, the central focus will be directed at these two agencies. Likewise, relationships between other agencies may favor or disfavor formal budgeting methods. To document completely the interrelationships of a large array of agencies is beyond the scope of this study.

A directed graph illustrates the complexity of a large array (see Figure 7). Briefly, if the major participants preparing the budget in 1950 were assumed to involve the Governor, Division of the Budget, the General Assembly, and institutions of higher education functioning as a block, six formal channels of contact would have existed. If the State Council had been added to the graph as a unit

Legend: ———
possible paths of
influence

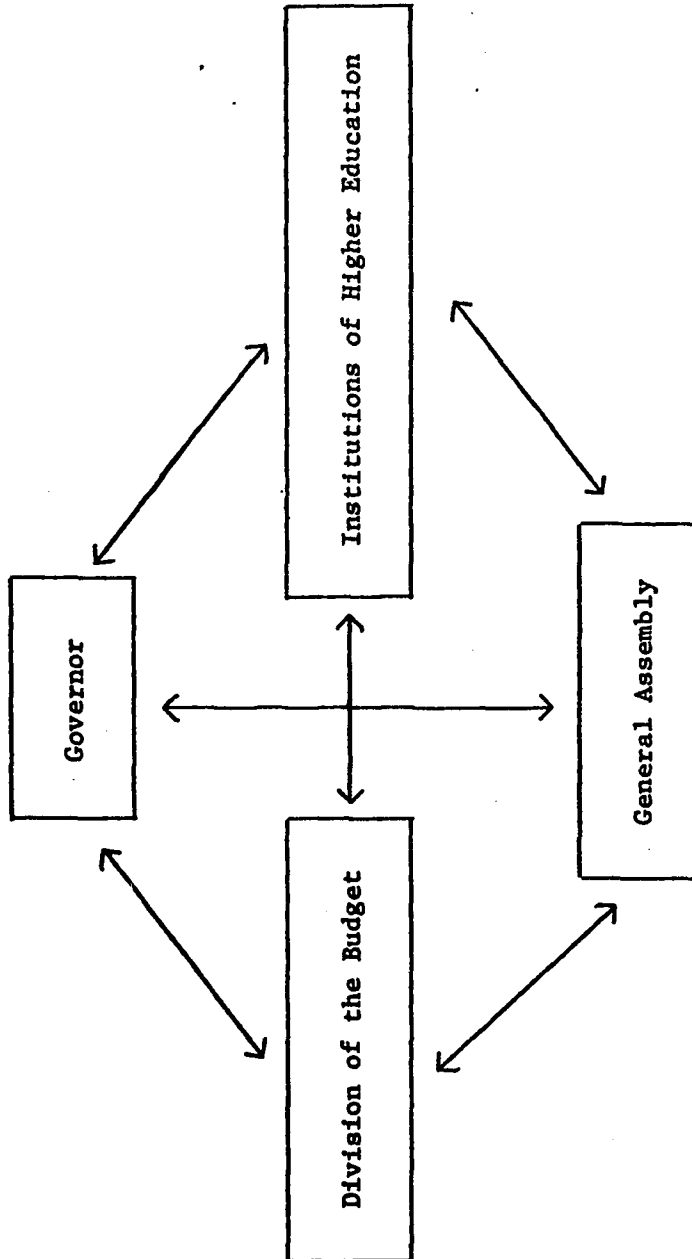


Fig. 7.--Directed graph of four major participants in the budgetary process--1950 (Governor, Division of the Budget, General Assembly, and Institutions of Higher Education. [Taken as groups.]

in 1956, the number of channels of contact would have increased to ten. If the Commissioner of Administration and Division of Engineering and Buildings had been added in 1966, the number of routes would have increased to fourteen. If the Division of Automated Data Processing had been added along with the Commissioner of Administration in 1967-1968, the number would have risen to twenty-one. If the Division of Automated Data Processing had been added when it became autonomous under the Governor in 1969 and if the Secretariate of Education had been added when it absorbed the State Council in 1972, the number of possible contacts would have increased to twenty-four. It is easy to see how much more complex the process becomes in reality as more agencies are added, such as the eight advisory committees of the State Council and at least two standing committees in each of the two chambers of the legislature. In addition, there is usually more than one statutory commission or committee studying some phase of higher education with budgetary impact such as the Virginia Advisory Legislative Council, the Committee on Governmental Expenditures, or, recently, the Governor's Management Study Implementation Commission. Finally, the institutions themselves often express their views through several organizations, like the Council of Presidents of State-Aided Colleges and Universities, the Council of Independent Colleges in Virginia (CICV), and the Virginia Foundation for Independent Junior Colleges.¹⁴⁵ To illustrate, the Council of Independent Colleges brought its weight to bear on the issue of student aid, and the Virginia Foundation of Independent Junior Colleges brought its weight

to bear during the formation of the Departments of Technical Education in 1964 and Community Colleges in 1966.

The relationships between the State Council of Higher Education and the Division of the Budget developed over four specific periods: 1950-1956, 1956-1964, 1964-1970, 1970-1972. Each period will be discussed in turn.

Incipient Change, 1950-1956

Between 1950 and 1956, the budgetary process remained much the same as it had been previously. Philosophical pressures were building for more support to meet the projected needs of higher education. These later became manifest in structural and power changes and also created pressures for new methods of allocating scarce resources to higher education. However, virtually no changes to the traditional methods were introduced, with the exception that Governor Almond strongly backed the formation of the Six-Year Capital Outlay Commission in 1954. The Commission's first report for 1956-1962 was presented in time to have some impact on the 1956-1958 biennial budget. The rest of the budget process was characterized by its incremental nature, and relations between major participants followed traditional lines.

A typical example of the incremental approach appeared in a letter from the Director of the Budget to the Governor as follows:

Your explanations of the 1960-62 budget recommendations have referred to a 21.5% increase (for the two-year period), exclusive of the local apportionment of sales and use tax revenue. The attached summary is provided in response to inquiries concerning

the rates of increase from year to year.

The significant points of this summary are:

1. the proposed increase for 1960-61 over the current year's appropriation is 14.4%. (Without sales tax administrative costs, it would be 13.8%). This is the smallest percentage increase for the first year of a biennium, at least since 1940.

2. the proposed increase for 1961-62 over the proposed appropriation for 1960-61 is 6.2% (or 5.6% without sales tax administrative costs). This is the smallest percentage increase for the second year of a biennium since 1955. Since 1955, second year increases have tended to be greater because of the State assumption of the cost of increment increases for teachers. (In 1961-62, this represents \$2,387,250; without it, the percentage increase would be further adjusted to 4.5%.)¹⁴⁶

This example illustrated several points. First, it showed incremental budgeting at work. In an overall way, the same process of reasoning was applied to budgets down the line to the lowest operating level. Second, although the example was dated 1960, the incremental method was widely employed at all levels of Virginia State government notwithstanding the developments in formula budgeting. In this regard, any comments about incrementalism are not intended as criticism because the method has been and is an accepted method in budgeting, although for higher education, other methods may hold more promise for achieving desired objectives. Third, and possibly most important, the illustration suggested the close professional relationship between the Governor and his Budget Director. This relationship was amplified when a note on the routing slip accompanying the letter is taken into account:

Governor: If you think the attached information will be of value to members of the Assembly, I will have it typed and distributed.

[/s/] L. M. Kuhn¹⁴⁷

Struggle and Strain, 1956-1964

The next period from 1956-1964 was marked by the formation of the State Council of Higher Education and its early struggle to gain acceptance as a participant. The first two years of the Council's existence under Dr. Paul H. Farrier, Executive Secretary, were spent largely in assembling the staff, establishing internal working relationships and identifying the scope of the Council's operations. During this time, the Council and Governor seemed to enjoy mutually supportive relationship. The Governor had sent a special letter to the Chairman of the Appropriations Committee requesting careful consideration for an increase of \$40,000. for the Council's 1958-1960 budget.¹⁴⁸ In return, Dr. Farrier expressed appreciation to the Governor on behalf of the Council, signing the letter with his Christian name, "Paul,"¹⁴⁹ a procedure normally reserved for friends of a Governor. Minimal contact seems to have occurred between the Council and the Division of the Budget relative to budgeting for higher education.

In 1958, Dr. William H. McFarlane, the second Council Director, attempted to establish harmonious working relations with the various participants in the higher education process: the General Assembly, Division of the Budget, and institutions of higher education. This spirit was exemplified in a letter written to Senator Lloyd C. Bird on February 8, 1965, in which Dr. McFarlane recorded his experiences at the State Council from which he had

resigned just a few months previously. He stated that,

I personally found that the most effective approach to exercising the Council's responsibilities was not to assert its alleged authority, but rather to work with individuals and groups in an atmosphere of confidence and mutual respect to gain specific objectives based upon the facts. This is another way of saying that the Council's most effective role can be that of a disinterested and objective leader of public opinion in achieving what is best for higher education in the State as a whole. To do this, however, it must have access at some point to the decision-making process as regards policies, programs, and finances--not to control these matters, mind you, but simply to influence the decisions, whether at the institutional or the State level. I am, in short, against making the Council a super-board, but I strongly support its role as an effective coordinator.¹⁵⁰

However, earlier, Dr. McFarlane had noted in a letter to Governor

Almond that,

As far as I can tell, a majority of the General Assembly holds no strong convictions about the coordination of higher education. . . . the Assembly ought to recognize that effective continuation of the Councils' work will require a higher level of support than has been given up to now. In fact, meager support is the overriding cause of the Councils' failure to produce a strong program of coordination by now.¹⁵¹

In 1960, Dr. McFarlane noted that " . . . cooperative planning is an immediate necessity."¹⁵² In a memorandum accompanying this plea, he stated:

The Present Problem

As a new agency charged with a delicate task, the Council realizes it must reckon with the scepticism of the institutions and the hostility of partisan legislators. But its task is hopeless if its relationship with the Governor's staff agencies is not based on mutual understanding and complete cooperation.

For example, the Council was not invited to coordinate its own findings on institutional needs for the 1960-62 biennium with those of the Division of the Budget or legislative committees, although it actively sought to do so. The Capital Outlay Commission for 1962-68 has not yet sought to confer with the Council, although it is publicly reported that institutional requests for this period constitute more than 50% of the total requests.

This is not to say that cooperation is totally lacking. Indeed, there have been significant indications of a willingness to discuss common problems frankly and openly. Nevertheless, those charged with basic responsibilities should seek to improve their lines of communication at every opportunity, and especially to engage in reciprocal exchange of information.¹⁵³

This memorandum was written approximately nine months after the legislature had curbed the Council's power of budgetary review in 1960 and may have reflected some of the disappointment over that event. As may be recalled from the earlier discussion of this event, the item in the 1960-1962 Appropriation Bill, which dealt with funds for the State Council, specifically prohibited the use of those funds for budget review purposes.

The Coup, 1960

Events indicated the strain on relations between the State Council and the Division of the Budget. The Council was ignored in the budgetary hearings over its recommendations for the 1960-1962 biennial budget, and, for whatever reasons, the Division of the Budget was instrumental in having a clause inserted into the Budget Bill which restricted the Council's budget review authority.¹⁵⁴ The legislature supported the move by passing the bill. Between 1960-1964, the Division of the Budget resisted the Council's attempts to institute a uniform reporting system. Finally, the Division of the Budget agreed to the idea, after some persuasion by the Governor. However, the agreement came too late to be incorporated into the 1966-1968 budget cycle.¹⁵⁵

The Budget Document and Appropriation Act somewhat confirmed

these relations between the legislature, Governor, and Division of the Budget. A comparison of the appropriations requested, recommended, and approved for the State Council between 1960 and 1966 offered a mixed pattern as can be seen in Table 1. Judging from the recommendations for 1960-1962, it seemed that the Governor or Division of the Budget or both were disinterested in supporting the Council during that biennium, although the legislature came closer to appropriating the funds requested by the Council than the Governor recommended. In succeeding biennia, the requests and appropriations corresponded almost exactly, even though the recommended funding for 1964-1966 was low.

In the face of these obstacles and in his quest for harmonious relationships, Dr. McFarlane even went so far as to lend the Division of the Budget a fiscal analyst during the height of the budget preparation in the Fall of 1963. The loan was short-lived, but still was made. By 1964, one of the obstacles to good relations seemed to be removed when the Council formally declared that the Division of the Budget should determine the format and instructions for preparing the budgetary request.¹⁵⁶

Endorsement and Circumvention

At the time the legislature was deliberating about forming the Council, the Council of Presidents issued a statement endorsing the concept of a coordinating council.¹⁵⁷ Notwithstanding this formal expression of support, the underlying attitude of the officials

TABLE 1

COMPARISON OF APPROPRIATIONS FOR THE STATE
COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
(SCHE) FOR THREE BIENNIA: 1960-1962;
1962-1964; 1964-1966

Action	Year					
	1960- 1961 (\$)	1961- 1962 (\$)	1962- 1963 (\$)	1963- 1964 (\$)	1964- 1965 (\$)	1965- 1966 (\$)
Requested by State Council ^a	86,445	50,590	66,690	61,535	93,915	94,700
Recommended by Governor ^a	37,130	38,495	66,000	60,800	76,585	76,775
Approved by Legislature ^b	62,130	50,590	66,000	60,800	93,825	94,615

^aTaken from respective Budget Documents for 1960-62, 1962-64, 1964-66.

^bTaken from respective Budget Bills for 1960-62, 1962-64, 1964-66.

Sources:

- a. Commonwealth of Virginia, Governor's Office. Division of the Budget. Budget Document 1960-62, p. 364; Budget Document 1962-64, p. 223; Budget Document 1964-66, p. 278. Richmond, Virginia: Division of the Budget 1960, 1962, 1964, respectively.
- b. Commonwealth of Virginia. General Assembly "Appropriation Act." Acts and Joint Resolutions of the General Assembly of Virginia 1960, p. 1946; 1962 p. 1346; 1964, p. 1055. Richmond, Virginia: Department of Purchases and Supply, 1960, 1962, 1964, respectively.

at the institutions of higher education toward the State Council was revealed in a document dated June 19, 1959. At that time, the Presidents' Council expressed an interest in a meeting with the Governor and selected staff members, including the Division of the Budget and State Council. There were two problems to be discussed. First, the Boards of Visitors of the individual institutions wished to determine faculty rates of pay. Second, the individual institutions wanted the authority to control the use of excess special revenues. The authority to resolve both of these problems was then in the hands of State agencies, but the institutions wished to regain control under the guise of good management and administration.¹⁵⁸ While the document did not specifically criticize any specific roles of the State Council, the subtle implication was clear about how the institutions of higher education viewed State control of institutional affairs, with particular regards to financial matters. Offsetting this institutional attitude, however, by 1963, the State Council had enlisted participation of the institutions of higher education in at least five of six committees, two of which were concerned with financially-related matters, namely, uniform reporting systems and educational costs, respectively.¹⁵⁹

Furthermore, in spite of its efforts to gain cooperation with the institutions of higher education, the State Council discovered that the institutions of higher education were circumventing the Council's authority.¹⁶⁰ In 1964, the Chairman of the State Council, Sol W. Rawls, Jr., reported on several cases. First, in the 1964-1966

budget, the legislature appropriated funds for Virginia Polytechnic Institute (VPI) for a new activity called "Coordination of Community Colleges and Extension." Rawls stated that the State Council would have been opposed to the activity if the State Council had known about it. The reasons for the State Council's opposition were two-fold: first, the program had not been presented for approval, and second, the activity was not consistent with the uniform chart of accounts which had been recently adopted. In another case, the legislature approved a change in title which had specifically been disapproved by the State Council. In a third case, a college submitted requests for capital outlay for the same building on successive biennia. In each biennium, the plans were altered to secure new planning money. This left the institution in a position to eventually request a new program which could be conducted in the previously programmed building, using the justification that the legislature had already approved the facility for the program. A fourth strategy used by the institutions of higher education was to request budget approval for new positions. After a sufficient number of staff positions had been approved, generally without having submitted the request through the State Council, a new program would be requested on the grounds that there would be no additional expense, only a new program.

By way of interim summary, between 1956 and 1964 the State Council's relations with the legislature eventually improved, but relations with the institutions of higher education, and with the

Division of the Budget did not seem to be very favorable. Relations between the State Council and the Division of the Budget appeared to swing through a low point in the early 1960s. The friction was obvious enough in 1960 for the Richmond Times-Dispatch to comment about the "shabby" treatment of the State Council.¹⁶¹ Governor Almond openly supported the State Council during the early part of this period, and his reliance upon the Council to perform its statutory duties seemed to increase throughout his administration. By 1964, Governor Harrison had taken even more positive steps to support the State Council. Dr. McFarlane had seen the Chart of Accounts for higher education come into being, and then he resigned as Director in August, 1964.

Reversal and Improvement, 1964-1970

Dr. Prince B. Woodard replaced Dr. McFarlane as the Director of the State Council in September, 1964. The change of directors marked a turning point in the relations between the State Council, higher education agencies, and the Division of the Budget. The period extended until Dr. Woodard's resignation in December, 1969. The period was characterized by more vigorous attempts to improve relations between the State Council, the Governor, the Division of the Budget, the Commissioner of Administration, the institutions of higher education, the legislature, and others. The improvement of these relations extended over the time required to accomplish several projects: build a system of supplemental information for the Council

(subsequently titled IDGAS), refine the Chart of Accounts with particular regard to definitions, expand the facilities and space utilization studies into a space utilization guide, and establish an automated data processing capability. Part of the accomplishment toward these ends was contingent upon restoring the Council's authority to review budgets, secure funds and qualified staff personnel, and organize a structural mechanism to integrate the varied requirements of higher education and State agencies involved with budgeting.

Support from the Governors

At a special meeting conducted by the State Council for Governor Harrison in September, 1964, the discussion centered around the procedures to satisfy the Council's needs for certain fiscal and educational data. The Governor apparently endorsed a set of proposals which were summarized by Dr. Woodard, as follows:

. . . 1. To facilitate the role of both the Division of the Budget and the Council of Higher Education in providing significant analyses and pertinent recommendations concerning public institutions of higher education, the Division of the Budget and the Council of Higher Education are requested to determine cooperatively the types of educational and fiscal data and the style and format in which these data are to be presented in the biennial budget request submitted to the Governor by public institutions of higher education.

2. The State Council of Higher Education shall receive a copy of the biennial budget request and all subsequent amendments and other budgetary supporting data submitted by public institutions of higher education to the Governor.

3. In the event the Division of the Budget and the Council of Higher Education cannot cooperatively determine the form and content of the biennial budget request of public institutions of higher education, the Governor, upon request of the Council, will authorize the Council to obtain from the institutions such . . . [information as is necessary to make a decision].¹⁶²

Resolving the issues raised in these procedures influenced the relations between the Council and Division of the Budget for the next five and one-half years.

The next Governor, Mills E. Godwin, Jr., continued the support for higher education. In the previously cited memorandum on program budgeting, issued on July 11, 1966, Governor Godwin established the tone which he expected to be followed when he stated that,

. . . Close coordination must be maintained with all agencies concerned, particularly (1) the Division of Engineering and Buildings in regard to building maintenance and operation costs and the capital outlay program; (2) the Council of Higher Education which should be consulted on any new programs or expansions not clearly within the scope of previous Council or legislative authorization; (3) the Division of Personnel in regard to estimates of personnel costs, including faculties, and (4) the Division of Planning in regard to economic and population data and trends.¹⁶³

A few days later, Governor Godwin reemphasized these points in a document titled "State Budget Policies" in which he charged that,

. . . the Division of the Budget, in cooperation with other State agencies . . . [to] propose priorities for programs. (Other State agencies must bring the Division into discussion of programs.) . . . These concepts will involve the Division of the Budget more closely with agencies other than heretofore. . . . [sic] this involvement will bring both commendation and resentment among State agencies. . . . In carrying out these objectives, the Division of the Budget and the Office of Administration will have the full support of the Governor. Concomitantly, responsibility for failure to do so will call for further action by the Governor.¹⁶⁴

While these two policy statements sound trite, they represented departures from the normal course of budget events for Governors in Virginia, and the last sentence stood as a polite warning to agencies not willing to cooperate and coordinate with the Governor's policy.

On another occasion early in 1965, Dr. Woodard solicited the assistance of the Governor for the space utilization study. In a "personal and confidential" letter to the Commissioner of Administration, Dr. Woodard explained that the purpose of the meeting was to provide the State Council with an opportunity to solicit opinions and suggestions from the Presidents and their business officers regarding certain supplementary fiscal information (space utilization data) being requested with the next (1966-1968) biennial budget request. Dr. Woodard outlined three ways by which the Governor might lend support to a forthcoming meeting with the Council of Presidents, suggesting that the Governor either visit the meeting in person, send a communication indicating that the Council had been directed to collect the supplemental information, or send a representative from the Governor's Office to attend the meeting. The Governor chose to send a letter noting the importance of the data collection effort and requesting that the project be expedited.¹⁶⁵

Working with the
Division of the Budget

In 1963 the State Council had made proposals on three elements of information to be included in institutional budget requests, namely, the "cost of maintaining current programs," the "cost of expanding current programs," and the "cost of implementing new programs."¹⁶⁶ By February, 1965, evidently, the matter had not been resolved, because the Director of the Budget requested instructions from the State Council which would accurately differentiate between

these terms. The Division of the Budget made the 1965 request on the premise that it could not find similar data from other states in its files. In reacting to the 1965 exchange, the Commissioner of Administration appended a terse note to his file copy, as follows:

"Governor [sic]

"Woodard urged Kuhn last November to get together and define these terms.¹⁶⁷

Correspondence between 1966 and 1969 reflected further attempts of the Council and the Division of the Budget to reach agreement on other supplemental information,¹⁶⁸ and the following matters: the development of forms, definitions, and instructions for the 1966-1968 budget;¹⁶⁹ the lists of recommended instructions and the forms covering the salaries for classified positions, the merit increases for classified positions, the salary (merit) increases for teaching and research positions, and the costs of continuing support for student assistants, and other operating expenses.¹⁷⁰ (These are substantially a repetition of the same type of information that the Council had tried to institute three years earlier.)

In 1966, the State Council issued a policy statement about its " . . . position on the development of budget request forms and the analysis of institutional budget requests."¹⁷¹ The Council did not believe that,

. . . [it] should be involved in the administrative machinery which determines the format of budget forms or become a part of the machinery which may analyze institutional requests on a line-item basis.¹⁷²

This statement reinforced an earlier statement to the same effect and

may be construed as conciliatory to the Division of the Budget, reassuring them of the Council's intent not to interfere with the Division of the Budget. In contrast, the same letter also suggested that standard definitions, which had been agreed upon by institutions, should also be used in the budgetary process. The Council offered a listing of definitions. In 1967, there was some concentration on the administration of capital outlay and enrollments: the definitions, the forms, and the procedures. In this regard, the groundwork was being set for formal instructions for the 1968-1970 budget.¹⁷³

Formula Budgeting Revealed

After the budget was prepared for the 1968 legislature, the Division of the Budget distributed a letter to the heads of institutions of higher education. The letter opened, as follows:

So that you may be aware of the basis underlying major budget recommendations for the 1968-70 biennium, we take this opportunity to advise you of the guides which were applied. This summary may be of assistance to you in reading the Budget Document.¹⁷⁴

The letter disclosed policies on enrollments, instructional activities, faculty-student ratios, eminent scholars, scale adjustments for teaching and research positions, educational leaves of absence, equipment, libraries, and student aid. Only one of these categories, "faculty-student ratio," had a formula guideline associated with it; whereas, the Scale Adjustments of Teaching and Research Positions applied " . . . cumulative annual 5% rates of increase"¹⁷⁵ in the traditional style of incremental budgeting. The remaining categories

contained varying instructions. The letter closed with the statement that,

We do not regard the guides noted as ideal or immutable. We have applied them in an effort to use a rational approach in the distribution of funds which are far less than the aggregate requests. Before the next budget preparation period, we plan to initiate discussions with you, aimed at developing better guides for future use.¹⁷⁶

According to personnel active in the Division of the Budget at that time, the letter represents the first notice to the institutions of higher education that the Division of the Budget was moving toward formula-style budgeting. (The term "guideline budgeting" was applied later to indicate flexibility in the process.) Previously, institutions had followed instructions contained in Budget Classification Manuals, which had changed little since the 1930s, and made no distinction between higher education and other agencies. This letter presaged a new set of relationships between the Division of the Budget, the institutions of higher education, and the State Council. It precipitated a new set of problems which would demand new levels of cooperation, coordination, and the utilization of collective resources.

Appendix M Appears

By September, 1968, the Division of the Budget had set forth the requirements for which it needed guidelines from the State Council for the 1970-1972 budget cycle,¹⁷⁷ and then began preparing Appendix M, titled "Guidelines and Special Requirements for Institutions of Higher Education," for the 1970-1972 Budget Manual.

The guidelines corresponded closely with the information stated in the earlier letter on January 11, 1968, but amplified and refined the instructions considerably. Appendix M constituted the first formal guidelines (formulae) published for higher education alone in the Budget Manual of Virginia.

Soon after receiving a draft of the first Appendix M, the State Council lamented that they had not been afforded " . . . an opportunity to participate in the formulation of the guidelines presented in Appendix M."¹⁷⁸ The Council expressed its hope that the institutions had been involved in the development of the guidelines. It further recommended an early meeting with the Presidents of institutions for higher education to consider the guidelines and make recommendations about them. In the meanwhile, a meeting was held early in March, 1969, with representatives from the State Council, Division of the Budget, and Commissioner of Administration. An agreement was reached on a procedure to be followed with respect to the revising and the publishing the proposed Appendix M. The procedure included an opportunity for the institutions of higher education and State Council to make recommendations before the final publication of the manual, even though the final publication and the distribution of Appendix M would be later than the main body of the Budget Manual.¹⁷⁹ Also, it was determined that the State Council would prepare enrollment projections. Later in March, 1969, the college presidents met with the Division of the Budget and the State Council to discuss their differences about the guidelines. The

participants generally reached a consensus on the details which included primary ratios for the foundation courses, the lower-level Bachelor's credit, the summer schools, and the graduate schools.¹⁸⁰

The Commissioner, Director,
and Presidents

Relations between the State Council and the Commissioner of Administration reflected a high level of mutual respect throughout the period. The numerous side-comments and the postscripts to documents addressed either to the Governor or the Commissioner attest to the personal and the professional accord between them. In part, this may be a natural result of the official channel of communication established by statutes, in which the Council was required to report directly to the Governor or the General Assembly. Also, the Commissioner's role as the chief coordinator of the Executive branch for the Governor required him to conduct the affairs of the State on a reasonably harmonious basis.

During the period 1964-1970, the State Council made substantial progress in improving its relations with the institutions of higher education relative to budgeting. In March, 1965, the State Council was attempting to incorporate its supplemental information system into the budget cycle as a part of the biennial estimates. The State Council solicited an opportunity to explain the need and the details of the system to the Council of the Presidents of State-Supported Institutions of Higher Learning. The Executive Committee and selected staff members of the State Council made the

presentation to the Council of Presidents on March 10, 1965. When the presidents registered concern about not being able to gather and to submit the vast amount of data in time to meet the budget cycle, the State Council maintained a flexible posture, allowing the institutions a longer period to prepare the data. The expansion and revision of the Professional Advisory Committee system afforded another opportunity and a comprehensive mechanism for the institutions of higher education to articulate their needs. These concerns of the State Council for the institutions of higher education continued into the 1970-1972 Budget cycle. On March 18, 1969, during review of the new Guidelines for Appendix M, the State Council stated that it " . . . considered it essential that any guidelines which might be developed be reviewed by the presidents of the institutions of higher education."¹⁸¹ These kinds of actions generated confidence in the State Council and seemed to reduce some of the apprehensions of institutions of higher education toward the State Council.¹⁸²

Credibility and Library Funds

As the credibility of the State Council of Higher Education increased, the more responsibilities were thrust upon it, and it became another political pressure point in the allocation of resources. The allocation of funds for libraries in the 1968 Appropriation Act, Item 754, illustrates this point. On March 22, 1968, the State Council had been designated as the agency to distribute one million dollars of supplemental funds to remedy the

deficiencies in the institutional libraries.¹⁸³ Budgetary methods did not exist for this type of distribution. The Council requested advice from the Division of the Budget and the General Professional Advisory Committee. These two agencies forwarded their recommendations by June, 1968.¹⁸⁴ In the meanwhile, the President of Virginia Polytechnic Institute, Dr. T. Marshall Hahn, Jr., wrote the Council supporting the recommendation of the Library Advisory Committee.¹⁸⁵ Similarly, the President of the University of Virginia (UVa) and the Chancellor of George Mason College (of the University of Virginia) forwarded their recommendations. President Edgar F. Shannon, Jr., of the University of Virginia expressed appreciation to the Council for its efforts in securing the one million dollars for library improvement, but also criticized the formula devised by the Professional Library Committee for being too heavily based on the Clapp-Jordan formula.

The Clapp-Jordan formula consists of a basic number of books, periodicals, and documents deemed necessary for an institution of higher learning. The basic number varies depending upon whether or not an institution is a community college, senior college, or university. The basic number is adjusted for variable factors, such as the number of full-time faculty, the number of full-time equivalent students, the fields of concentration, and the levels of academic offerings whether undergraduate or graduate. Relative to these arbitrary standards, President Shannon judged that the Library Committee formula penalized the libraries of the College of William

and Mary, Mary Washington College, and the University of Virginia. He noted that the formula resulted in approximately one quarter of the money going to the Virginia Polytechnic Institute. He further presented a case favoring more generous distribution to the University of Virginia on the grounds of the University being the primary research library in the State of Virginia and the possibility of its losing its position as the " . . . premier scholarly and research library in the South"¹⁸⁶ without continued financial support.

In similar manner, Chancellor Lorin A. Thompson of George Mason College (later University) registered concern over the distribution of library funds to small divisions or units. He offered several alternatives which he felt should be considered in any formula, such as, a weighted enrollment basis for graduate schools, or a fixed percentage limit for any school, or a weighted need. He noted that a weighted need might be based on one of three proposals: first, the one proposed by the State Council's Library Advisory Committee and accepted by the Professional Advisory Committee; second, the one by Patrick Larkin of George Mason College which was strongly rooted in the Clapp-Jordan formula; or third, the one by Ray W. Frantz of the University of Virginia.¹⁸⁷

In July, the State Council submitted its proposal to the Governor. The formula followed closely the proposals of the Library Advisory Committee, but embraced some modifications.¹⁸⁸ The Governor accepted the State Council's proposal and appointed it to be the agent for Item 754 in the next year of the biennial budget, 1969-1970, in

cooperation with the Division of the Budget.¹⁸⁹ In December, the Division of the Budget offered its services for the next round of discussions,¹⁹⁰ which began on February 3, 1969.¹⁹¹

It should be noted that the appropriation for supplemental library funds appeared as a separate entry in the Appropriation Act. The entry is not assigned to any one institution. Therefore, its apportionment required separate procedures not covered by the normal guidelines in Appendix M. It is included in the discussion because of the formula-style distribution which resulted and because of the unique role the incident played in the budgetary process.

The State Council and the Legislature

The State Council diligently applied itself to improving its image with the legislature. One of the first manifestations of this effort, during the 1964-1970 era, involved cooperating with the Commission for Economy in Governmental Expenditures. The Council proselyted for the acceptance of its concept of uniform educational and fiscal data. It also furnished samples and explanatory materials requested by the Commission throughout the Fall season of 1964.¹⁹² These efforts seemed to reap rewards, because, in January, 1966, the Committee recommended to the General Assembly that,

In addition, the present language of Item 445 of the Appropriations Act limiting the authority of the Council of Higher Education to coordinate budgets of colleges should be deleted; and additional provisions should be written into Section 23-9.9 of the Code pertaining to the Council of Higher Education (or in some other appropriate section) stating, in effect: the Staff of the Council and the Division of the Budget shall cooperate in the

preparation of institutional data to the end that duplication of effort be avoided and that information needed by both agencies be supplied in a mutually satisfactory format; authority is hereby vested in the Commissioner of the Office of Administration for the resolution of any differences between the agencies in the administrative procedures, or in the allocation of data collection functions.¹⁹³

In that session of the legislature, the ban on budget review was lifted for the Council. To illustrate the intensity of the Council's campaign to lift the ban, a copy of this extract was placed on the desk of each member of the House Appropriations Committee on the morning of February 25, 1966,¹⁹⁴ the day the Council's budget was due for review by the Committee. This maneuver was requested by the Executive Committee of the Council, consisting of Sol W. Rawls, Jr., Joseph E. Blackburn, and William H. Trapnell¹⁹⁵ and indicated their deep commitment to the Council and its activities.

The change in fortunes was rather rapid for the Council. Much headway was made during the next year, and Senator Lloyd C. Bird was prompted to write to the Commissioner of Administration on July 24, 1967, as follows:

It seems to me that the Council under the guidance of Prince Woodard has gained the confidence of the educators and the Council has been elevated to a position of prestige and leadership. This is due, of course, in part to the backing that the Council received from former Governor Harrison, and is receiving from Governor Godwin.¹⁹⁶

Such praise from an influential Senator augured well for the relations between the Council and the legislature, and favorable relations continued through 1969.

Others in the Arena

Several other interagency relationships should be mentioned in connection with the 1964-1970 era, such as the one between the State Council and the Division of Engineering and Buildings, one involving automated data processing, and one involving the Division of Personnel. First, soon after the formation of the Division of Engineering and Buildings as a separate entity apart from the Division of the Budget, the State Council announced to the institutions of higher education that a joint effort would be undertaken with respect to physical facilities. The Council stated that,

After extensive cooperative planning, the State Council of Higher Education, in cooperation with the Division of Engineering and Buildings, is ready to initiate a comprehensive inventory and evaluation of physical facilities at Virginia state-controlled colleges and universities. The study is designed to serve as a basis for determining present needs for building replacements, additions, and renovations, as well as for projecting future space requirements and determining standards for space utilization. . . . It is recognized that this initial study will require a considerable time investment by the institution. However, once a complete inventory is established, machine print-outs will be used for annual updating. . . . The Council and the Division of Engineering and Buildings wish to be as flexible as possible regarding a deadline for the submission of institutional data.¹⁹⁷

This memorandum was signed jointly by Dr. Prince B. Woodard and H. Douglas Hamner, Jr., the Directors of the Council and the Division of Engineering and Buildings, respectively. This joint project raised several points about the relationship between the State Council and Division of Engineering and Buildings. First, it took several years of painstaking effort to collect the mass of data needed to develop

the Space Utilization Guide, later published in 1969. The long-term success of the program spoke well for the cooperation generated between the two agencies. Second, the long-range objective envisioned at the outset of this project eventually paid dividends in two areas of formal budgeting, namely, a capital outlay formula (SUG) and a machine print-out capability for capital outlays. Third, even though space utilization became identified with the State Council and Division of Engineering and Buildings, the advice of the Director of the Budget, L. M. Kuhn, was needed and solicited when the practicalities of piecing together the Budget Document were faced.

As an example, Kuhn recommended that Hamner include a 10 per cent increment to a particular project in developing the 1968-1970 budget. Kuhn advised that,

. . . The above language was a result of the experience gained in administering the capital outlay program at a time when a supplementary fund was included in the appropriation act without restrictions as to the amount of the supplement. . . . Previous Governor's [sic] found that without a restricted amount, they were subject, in many instances, to pressure groups requesting supplements to complete projects regardless of the per cent of overage in bids for a particular project. . . . In recommending the inclusion of the ten per cent feature, I feel the agencies will have knowledge of the amount set up for supplementary purposes.¹⁹⁸

A lesson seemed implicit that, in spite of the advances of formalized budgeting for space requirements, oftentimes informal strategies must be employed to overcome some human vagaries.

Next, with respect to automated data processing, the advent of the Computer Advisory Committee in 1967 placed budgeteers and higher education personnel in a new environment. Agency requirements

needed to be viewed in a different context than solely individual agency requirements. The reports of the Advisory Committee throughout the mid-half of 1967 suggested that an education process ensued where representatives with widely differing backgrounds exchanged ideas about automated data processing. In the course of this preliminary exchange of ideas, a wider understanding of mutual problems, limitations, and capabilities among agencies seemed to occur and a reasonably coherent approach emerged for establishing a statewide program.

Last, during Governor Godwin's administration, determined efforts were made to arrive at a more equitable method of compensating college faculties.¹⁹⁹ Between 1926 and 1966, faculty and administrative salaries were subject to approval by the Governor and Budget Office, and were exempted from incorporation into the classified personnel system by the Personnel Act of 1942. In 1947, salary schedules were developed for the institutions of higher education. These schedules contained higher salaries at the University of Virginia than at other State-supported institutions of higher education. Some attempts to rationalize the wide disparities between the University of Virginia salaries and the other institutional salaries achieved some success, such as the raising of salary ranges at the Virginia Polytechnic Institute a few years later. Other efforts were made to bring the faculty salaries in Virginia in line with national averages during the 1950s and early 1960s. However, the basic problem of institutional differences still existed. In the

mid-1960s, the Council of Presidents of State-supported institutions of higher education offered a solution which allowed individual institutions to rate themselves alongside comparable institutions (called peer groups) outside of Virginia on the national scene. A faculty salary standard was developed from the reported salary averages at the comparable institutions. In principle, the budgeting of salary costs for a particular Virginia institution became a process of multiplying the peer group average by the number of authorized faculty. In this fashion, the peer group system represented a formula approach to faculty costs. The system emerged from the discontent with the previous salary procedures and it required extensive coordination and discussion among the major participants, namely the Division of Personnel, the State Council of Higher Education, the representatives of the public institutions of higher education, and the Division of the Budget.

New Politics, 1970-1972

In December, 1969, Dr. Woodard resigned as Director of the State Council. His successor, Dr. Roy E. McTarnaghan, was still serving as Director at the time this study terminated on June 30, 1972. During this period, Governor Linwood Holton took office and a new Director of the Budget was appointed, John R. McCutcheon, who succeeded L. M. Kuhn. Kuhn was subsequently appointed by the legislature to serve as its Fiscal and Information Officer. Also, a new Commissioner of Administration was appointed, T. Edward Temple.

Temple was no newcomer to State government, having served as Director of Planning during the Godwin administration as well as having held other governmental posts.

The overall relations for budgeting and higher education were influenced by the need to economize. The 1970-1972 revenue estimates had left Republican Governor Linwood Holton with a bare minimum budget during his first year in office. Budgetary cutbacks were made to keep the budget on a pay-as-you-go basis. This reality presented a substantially different budgeting environment for higher education than had existed for several years. The austere budgetary environment placed the State Council and Division of the Budget into a posture where cooperation was necessary. The cooperative spirit on the part of the new Directors was expressed by Dr. McTarnaghan, as follows:

It has long been a goal of the Council to become more actively involved in the financing of higher education in the Commonwealth. With the advent of John McCutcheon as Budget Director, a close relationship has developed between our two offices. For several months we have participated in discussion sessions on 1972-74 budget development and only recently have helped draft several sections of the budget manual related to higher education.²⁰⁰

The correspondence generated between the two agencies reflects the same spirit.²⁰¹ For instance, in September, 1970, McCutcheon wrote to Dr. McTarnaghan that,

In anticipation of the 1972-74 budget preparation season, the assistance of the State Council of Higher Education is needed and desired. Although there have been previous discussions and correspondence, we take this opportunity to list a number of items below, together with dates within the budget cycle on which we will need them.²⁰²

Growing Interdependence

McCutcheon then listed various items normally included in Appendix M of the Budget Manual. Several items reflected the familiar long-standing or unresolved problems, such as: the ratios for extension, medicine, dentistry, law, and allied health professions; the standards for holders of classified positions; the refinement of the Clapp-Jordan formula; the physical plant standards; and the definitions for extension and foundation enrollments. In addition, he asked for the Council's observations on: the definition of full-time teaching and research positions; the data for budgeting by credit-hour production; the budget exhibit format; the identification, cost, and priorities of newly-approved programs; and the priorities and size limits of the institutions covered in the Virginia Plan for Higher Education.

The answers were not furnished to all of these items and many of them reappeared in January, 1972, when McCutcheon began preparing for the 1974-76 biennium. In addition to the old problems, some new ones appeared, such as: a ratio for teaching and research administrative positions; a rationale for automated data processing support; the refinement of the Chart of Accounts with respect to adding learning resource centers, extension teaching, and continuing education, library books and periodicals; and consistent interpretation of the Chart of Accounts by institutions in order to afford valid budgetary analysis.²⁰³

These events signified the growing interdependence of the two agencies and the increased disposition of the Division of the Budget to use the resources of the State Council for research on educational budgeting. The emphasis from the Division of the Budget was clearly pointed toward an increased use of guideline (formula) budgeting. However, many formulae remained undeveloped on June 30, 1972.

Tightening Demands

With respect to some other relationships during this period, in 1970, a group of citizens volunteered services and funds to conduct a Governor's Management Study. The group divided itself into task forces which probed deeply into the operations of the State government. The cooperation and assistance of State agencies was needed to complete the study. Dr. McTarnaghan noted in November, 1970, that,

The Council staff has worked in close harmony with the Education Task Force of this study [GMS] during the past several months. While the objectives of the group were directed at all levels of financing higher education, our association with them pointed toward these conclusions:

.....
 3. Only with a formula approach to budgeting, considering all aspects of an institution's program, enrollment, facilities, etc. [sic] can objectives be achieved within reasoned dollar estimates for the future.²⁰⁴

In addition to the Governor's Management Study, the State Council continued to work with the Capital Outlay Committee of the House Appropriations Committee, stressing the use of the formula approach for facility requests and the relationship of enrollment

projections to facility needs.²⁰⁵ The disposition of the legislature toward the formula budgeting seemed to gain favor, especially in connection with the space utilization guide. However, when the guide was first used in the 1972-1974 capital outlay requests, the estimates rose by a startling sum. As a result, the institutions of higher education were forced to defend their high requests on the basis that the Capital Outlay Commission of the House Appropriations Committee had itself approved the space utilization guide.²⁰⁶

Another development occurred in the 1972 legislative session. Senator William F. Stone of Martinsville introduced two pieces of legislation which could affect budgeting relationships in higher education. First, he introduced a resolution calling for a Commission on Higher Education to study the possibility of replacing the State Council of Higher Education and the Department of Community Colleges by a State Board of Higher Education with stronger powers to curb duplication and waste in higher education.²⁰⁷ The implications and ramifications of such a change were speculative, but, if the intent of the legislation were carried out, the use of formal budgeting methods probably would have been increased. Senator Stone also proposed the idea that the Commission evaluate the capital outlay requests of State-supported colleges.²⁰⁸ This idea would have substantially revised the existing structure and procedures for reviewing capital outlays and probably alter existing interagency relations. However, the resolution as finally passed only called for a report from the Commission by November, 1973. The passage alone of the

resolution reflected a significant change in the temper of the legislature toward higher education and budgeting.

The second piece of legislation was a bill, which was finally enacted, calling for tuition assistance to private college students. The assistance took the form of a payment in behalf of the private student equivalent to the annual average appropriation per full-time equivalent student in publicly-supported institutions.²⁰⁹ There were disadvantages to the scheme, but the scheme contained a formula to be administered by budget makers in higher education. Support for the bill also suggested a change in the temper of the legislature away from public higher education.

Certain changes in philosophy, power, structure, and inter-agency relations occurred between 1950 and mid-1972. First, developments in formal budgeting emanated from two main sources, the State Council of Higher Education and the Division of the Budget. The State Council pressed for a chart of accounts for higher education, an information data gathering system, and a space utilization guide for capital outlays. The Division of the Budget introduced the guideline (formula) principle into budgeting for higher education although the basic approach remained incremental. Along with the foregoing developments, a system for State-level automated data processing was initiated and some progress was made toward a program budget. With respect to changes in powers and structures, a State Council was initially given budgetary review authority over institutions of higher education. This authority was checked in 1960 and

restored in 1966. The capital outlay function was divorced from the direct control of the Division of the Budget in 1966. An automated data processing function was empowered to centralize a statewide program, and the Executive branch of the State government was empowered to consolidate many diverse functions into six Secretaries. In all, the statutory powers of the Division of the Budget remained unchanged. The constitutional amendments in 1952 and 1956 made possible the budgetary support for the individual student and private institutions of learning. The constitutional amendments of 1971 established a higher State debt limit and new borrowing procedures which were designed to alleviate the heavy budgetary demand for capital outlay funds. Third, commensurate structures were developed to administer the new or revised powers: namely, the State Council for Higher Education, the Division of Engineering and Buildings, the Division of Automated Data Processing, and the Secretariates of Administration, Finance, Education, Human Affairs, Commerce and Resources, and Transportation and Public Safety. Fourth, the interagency relations, relative to budgeting in higher education, primarily involved the congenital frictions between the State Council and other principal participants in the State-level budgeting process, namely, the Division of the Budget, the spokesmen of the institutions of higher education, and the legislature. The early strains gave way gradually to acceptance of the supportive role of the State Council in formalizing the budgetary process in higher education. This transition was fostered by the greatly increased financial demands of higher

education throughout the period 1950-1972.

CHAPTER III FOOTNOTES

¹A. Wildavsky, The Politics of the Budgeting Process (Boston, Massachusetts: Little, Brown & Co., 1964), p. 1.

²Virginia, Governor's Office, State Budget Policies, statement, July 20, 1966, pp. 1-2. [Archives.]

³Ibid.

⁴Virginia, Virginia Advisory Legislative Council [hereinafter referred to as VALC], "Higher Education in Virginia," HD No. 8, House and Senate Document, 1951 (Richmond, Virginia: DPP, 1951), p. 1 [hereinafter referred to as HSD].

⁵Ibid., p. 5.

⁶Ibid., p. 6.

⁷Ibid., p. 7.

⁸Ibid., pp. 31-32.

⁹Letter, Paul H. Farrier to Thomas B. Stanley [Governor], December 12, 1957, with enclosure, p. 1. of enclosure [located in Archives, Virginia State Library, Richmond, Virginia; hereinafter referred to as Archives].

¹⁰Virginia, Virginia State Council of Higher Education for Virginia [hereinafter referred to as SCHE], Biennial Report, 1958-1960 (Richmond, Virginia: SCHE, January, 1960), p. i, Appendix B-1-9. [Archives.]

¹¹Virginia, SCHE, "Recommendations of the Council of Higher Education for the 1960-62 Biennium," Supplemental Report, January 11, 1960, p. 2. [Archives.]

¹²Ibid., p. 3.

¹³Virginia, SCHE, "Virginia Cost Study," SD No. 16, HSD, 1964 (Richmond, Virginia: Division of Purchase and Supply, 1964), p. ii. [Hereinafter referred to as DPS; Archives.]

¹⁴Ibid., p. 2.

¹⁵Memorandum, W. H. McFarlane [hereinafter referred to as W. H. M.] to Albertis S. Harrison, Jr. [Governor; hereinafter referred to as A. S. H.] "Memorandum on Uniform-Coding for Institutions of Higher Learning," April 2, 1964, p. 1. [Archives.]

¹⁶Ibid.

¹⁷Memorandum, A. S. H. to W. H. M., SCHE; J. Gordon Bennett [hereinafter referred to as J. G. B.], State Auditor; Sidney C. Day, State Comptroller; and L. M. Kuhn [hereinafter referred to as L. M. K.] Director, Division of the Budget [hereinafter referred to as DB], April 7, 1964. [Archives.]

¹⁸Letter, A. S. H. to President [sic] of the State-Supported Institutions of Higher Learning, June 1, 1964. [Archives.]

¹⁹Letter, W. H. M. to A. S. H., July 22, 1964 with enclosure "Developing Meaningful Budgetary Requests." [Archives.]

²⁰Ibid., p. 3 of enclosure.

²¹Letter, S. W. Rawls, Jr. to A. S. H., July 21, 1964. [Archives.]

²²Letter, Prince B. Woodard [hereinafter referred to as P. B. W.] to A. S. H., September 25, 1964; letter, P. B. W. to L. M. K., DB, and J. G. B., Auditor of Public Accounts [hereinafter referred to as APA], October 8, 1964; see also letter, P. B. W. to J. G. B., Executive Secretary for the Commission for Economy in Governmental Expenditures, November 5, 1964. [Archives.]

²³Letter, A. S. H. to L. M. K., December 10, 1964. [Archives.]

²⁴Presidents' Council of State-Aided Institutions of Higher Learning, Minutes--March 10, 1965, p. 3. [Archives.]

²⁵Letter, A. S. H. to the Heads of All State Agencies and Institutions, April 8, 1965. [Archives.]

²⁶Virginia, Higher Education Study Commission, "Report," prepared by John Dale Russell (Richmond, Virginia: December, 1965), pp. 183-85. [Mimeographed; Archives.]

²⁷Memorandum, P. B. W. to Carter O. Lowance [hereinafter referred to as C. O. L.], November 15, 1966. [Archives.]

²⁸"Tentative Capital Outlay Recommendations from the General Fund Biennium 1954-1956." Unsigned, undated, mimeographed workpaper located in Archives, Executive Papers of Governor Battle 1950-1954, Box # 25, folder on Budget.

²⁹Virginia, Governor Thomas B. Stanley, "Address . . . , January 11, 1956," SD No. 1, HSD, 1956 (Richmond, Virginia: DPP, 1956), pp. 10-11.

³⁰Virginia, Governor L. Lindsay Almond, Jr., "Address . . . , January 13, 1960," SD No. 1, HSD, 1960 (Richmond, Virginia: DPS, 1960), p. 18.

³¹Virginia, SCHE, "The Status of Public Higher Education in Virginia," Report, 1959, Section 1, p. 3. [Archives.]

³²Virginia, A. S. H., "Supplement to Address, January 12, 1966," SD No. 1 Supplement, HSD, 1966 (Richmond, Virginia: DPS, 1966), p. 26.

³³Virginia, Commission to Study the State Government of Virginia, Report, September 1, 1961, p. 11.

³⁴Ibid., p. 33.

³⁵Virginia, SCHE, "Highlights of the Biennial Report," December, 1963. Mimeographed workpaper, p. viii. [Archives.]

³⁶Memorandum, P. B. W. and H. Douglas Hamner, Jr., Director, Division of Engineering and Buildings, to Presidents of State-Controlled Institutions of Higher Education, November 25, 1966, p. 1. [Archives.]

³⁷Virginia, SCHE, Draft Statement of Activities Proposed for July 1, 1967--June 30, 1968, mimeographed workpaper, p. 1 [Archives]; see also letter, P. B. W. to Honorable Mills E. Godwin, Jr. [hereinafter referred to as M. E. G.] Governor, October 22, 1969. [Archives.]

³⁸Letter, P. B. W. to C. O. L., November 11, 1969, with enclosures related to the Physical Facilities Report and space utilization guidelines.

³⁹ Delegate French Slaughter, Member Virginia House of Delegates, Appropriations Committee, personal interview, Culpeper, Virginia, March 6, 1973; Delegate Richard M. Bagley, Member House of Delegates, Appropriations Committee, personal interview, Hampton, Virginia, April 16, 1973; Mr. T. Edward Temple, Secretary of Administration, State of Virginia, personal interview, State Capitol, February 15, 1973; Dr. Roy E. McTarnaghan, then Director for SCHE for Virginia, Richmond, Virginia, June 30, 1972, personal interview, and telephone call November 7, 1972.

⁴⁰ James B. Cook, Jr., DB, personal interview, July 10, 1973.

⁴¹ Edwin J. Crockin and James B. Cook, Jr., informal conversation at DB, Richmond, Virginia, July 7, 1973.

⁴² Letter, L. M. K. to P. B. W., December 20, 1966, pp. 1-3. [Archives.]

⁴³ Letter, John R. McCutcheon [hereinafter referred to as J. R. M.] to the Heads of the Institutions of Higher Education, "1972-74 Budget Recommendations for Higher Education," January 12, 1972, pp. 1-4. [Archives.]

⁴⁴ Letter, L. M. K. to the Heads of State Institutions of Higher Education, "Advisory Note--Budget Preparation for the 1968-1970 Biennium," July 14, 1967. [Archives.]

⁴⁵ Report, E. J. Crockin to L. M. K., "Faculty-Student Ratios for the 1968-70 Biennium," October 4, 1967, pp. 1-5. [DB.]

⁴⁶ Report, L. M. K. to C. O. L., "SCHE Confidential Report Concerning 1968-70 Budget Recommendation--Institutions of Higher Education," October 2, 1967, pp. 1-5. [DB.]

⁴⁷ Letter, Joseph E. Blackburn to C. O. L., March 5, 1969. [Archives.]

⁴⁸ Letter, P. B. W. to L. M. K., April 3, 1969, pp. 1-2 of enclosure "Policy Statement on Guidelines for Determining Teaching and Research Positions for Budget Requests." [Archives.]

⁴⁹ Memorandum, P. B. W. to Members of the General Professional Advisory Committee, March 18, 1969, pp. 1-4 of enclosure on "Budget Manual Annex M." [Archives.]

⁵⁰ Letter, M. E. G. to L. M. K., May 17, 1968. [Archives.]

⁵¹ Memorandum, P. B. W. to Members of the General Professional Advisory Committee, November 18, 1969, with enclosure. [Archives.]

⁵²Comparison of 1972 Budget Manual Instructions with instructions previously cited in Footnotes 43, 51-54, and 56. The "Budget Manual" consists of a loose-leaf notebook which incorporates revisions on a timely basis issued by the Division of the Budget over a period of years.

⁵³Letter, P. B. W. to M. E. G., July 25, 1966, with enclosure; see also letter, SCHE to Chief Administrators of Each Four-Year State-Controlled Institutions of Higher Education "Graduate Degree Programs . . . ," February 12, 1969, with enclosures. [Archives.]

⁵⁴Supra, n. 52.

⁵⁵Memorandum, Governor's Office, "Basic Budget Considerations," July 11, 1966, p. 1.

⁵⁶Virginia, Office of the Governor, DB, Budget Documents 1950-1974 (Richmond, Virginia: DB, 1950-1972). Survey of documents for inclusive years. [DB.]

⁵⁷Letter, J. R. M. to Linwood Holton [Governor; hereinafter referred to as L. H.], "Information for Year-End Report," November 30, 1970, with enclosure "Division of the Budget--1970 Activities," p. 1 of enclosure. [Archives.]

⁵⁸Virginia, House of Delegates, "Senate Joint Resolution No. 5," Journal of the House of Delegates (Richmond, Virginia: DPS, 1970), pp. 953-54. [Hereinafter referred to as HJ.]

⁵⁹Memorandum, L. M. K. to the VALC Committee on Capital Outlay Operations, December 3, 1962, pp. 1-8, with enclosures; Memorandum, L. M. K. to VALC, August 7, 1962, pp. 1-4; see also Memorandum, Office of Administration to the Heads of Agencies and Institutions, September 22, 1966. [Archives.]

⁶⁰Letter, L. M. K. to A. S. H., August 8, 1963. [Archives.]

⁶¹Letter, APA to the Heads of All State Agencies, June 7, 1962, with enclosure. [Archives.]

⁶²Letter, the Electronic Data Processing Committee to A. S. H., November 9, 1962, pp. 1-5, with enclosures. [Archives.]

⁶³Virginia, Division of Automatic Data Processing [hereinafter referred to as ADP], Automated Data Processing in Virginia (Richmond, Virginia: Division of ADP, 1968), pp. 1-2, 11. [Archives.]

⁶⁴Ibid., p. 11.

⁶⁵Letter, P. B. W. to M. E. G., February 11, 1966, pp. 1-2.
[Archives.]

⁶⁶Memorandum, F. C. Jones to L. M. K., "Consideration of the Use of Electronic Data Processing Equipment in Budget Preparation, Execution, and in Related Matters, June 26, 1964," p. 1.
[Archives.]

⁶⁷Ibid., pp. 2-3.

⁶⁸Memorandum, F. C. Jones to L. M. K., "Preliminary Budget Data 1966-68 Biennial Budget," July 15, 1964, pp. 1-2.

⁶⁹Memorandum, L. M. K. to the Heads of All State Agencies, "Preliminary Budget Information 1964-1966 Biennium," January 14, 1963. [Archives.]

⁷⁰Letter, L. M. K. to J. G. B., October 5, 1964, pp. 1-3.
[Archives.]

⁷¹Letter, L. M. K. to Sidney C. Day, Jr., September 1, 1966.
[Archives.]

⁷²Virginia, Mills E. Godwin, Jr., "Addenda to Address to the General Assembly . . . , Wednesday, January 4, 1970," SD No. 1, HSD, 1969 extra session, Vol. II (Richmond, Virginia: DPS, 1969), p. 7.

⁷³Virginia, Computer Advisory Committee, Automated Data Processing in the State of Virginia (Richmond, Virginia: Computer Advisory Committee, October, 1967), pp. 1-37. [Archives.]

⁷⁴"Minutes of the Computer Advisory Committee," March 21, April 4, June 7, 1967. [Mimeographed; Archives.]

⁷⁵Virginia, Executive Order, March 4, 1968 [signed by M. E. G.]. [Archives.]

⁷⁶Letter, Gordon W. Mills, Director, Division of ADP to C. O. L., October 6, 1969; see also letter from M. E. G. [unsigned] to P. B. W., October 8, 1969. [Archives.]

⁷⁷Virginia, Division of ADP, ADP in Virginia, op. cit., pp. 5, 50-51.

⁷⁸Memorandum, Gordon W. Mills to T. Edward Temple, Commissioner of Administration, "Revision of LEIS [Legislative and Executive Information System] Implementation," April 3, 1970. [Archives.]

⁷⁹Letter, J. R. M. to L. H., "June 30, 1970 General Fund Balance and State Aid to Virginia Port Authority," August 25, 1970; letter, E. J. Crockin to Gordon W. Mills, "Legislative Information System," March 18, 1970; see also letter, J. R. M. to L. H., "Information for Year End Report," November 30, 1970, with enclosure "Division of the Budget--1970 Activities." [Archives.]

⁸⁰Virginia, Mills E. Godwin, Jr., "Addenda to Address . . . , January 4, 1970," op. cit., p. 7.

⁸¹Edwin J. Crockin and James B. Cook, Jr., Division of the Budget, informal conversations between January and June, 1973; "Executive Information System--Centralized Accounting and How It Affects State Agencies," Executive Information System presentation script, February 26, 1970 [mimeographed]; see also letter, T. Edward Temple to Edwin C. Lescalette, May 19, 1970. [Script and letter in Archives.]

⁸²Division of ADP, "Commonwealth ADP Concept," briefing handout prepared in 1972 for Director, Dr. J. Howard Bryant [mimeographed]; also Dr. J. Howard Bryant, personal interview, Richmond, Virginia, February 23, 1973.

⁸³Virginia, House of Delegates, "Senate Joint Resolution No. 3," HJ 1950 (Richmond, Virginia: DPP, 1950), February 8, 1950, p. 267.

⁸⁴Virginia, House of Delegates, "House Joint Resolution No. 38," HJ 1950 (Richmond, Virginia: DPP, 1950), February 14, 1950, p. 320.

⁸⁵Virginia, House of Delegates, "House Bill No. 43," HJ 1952 (Richmond, Virginia: DPP, 1952), pp. 49, 743-44, 871.

⁸⁶Virginia, House of Delegates, "House Joint Resolution No. 103," HJ 1952 (Richmond, Virginia: DPP, 1952), March 8, 1952, pp. 933-34, 1185.

⁸⁷Virginia, General Assembly, "Virginia Constitution," Manual of the Senate and House of Delegates, 1970 (Richmond, Virginia: DPS, 1970), art. VIII, sec. 141, annotated. [Hereinafter referred to as Manual.]

⁸⁸Ibid.

⁸⁹Virginia, House of Delegates, "House Bill Nos. 66 and 442," HJ 1956 (Richmond, Virginia: DPP, 1956), pp. 45, 206, 507.

⁹⁰Virginia, Acts (Richmond, Virginia: DPP, 1956), Vol. I, chap. 311, pp. 258-61.

⁹¹Virginia, "House Bill No. 20," Acts (Richmond, Virginia: DPS, 1960), Item 408, pp. 944, 1008.

⁹²Virginia, "House Bill No. 10," Acts (Richmond, Virginia: DPS, 1966), Item 445, p. 1561.

⁹³Virginia, Higher Education Study Commission, "Report," op. cit., pp. 183-85.

⁹⁴Virginia, "Senate Joint Resolution No. 47," Acts (Richmond, Virginia: DPS, 1966), pp. 1607-08.

⁹⁵Virginia, Mills E. Godwin, Jr., "Addenda to Address . . . , January 4, 1970," SD No. 1, HSD, 1969, extra session, Vol. II (Richmond, Virginia: DPS, 1969), p. 5.

⁹⁶Virginia, Acts (Richmond, Virginia: DPS, 1966) chap. 55, pp. 112-13.

⁹⁷Ibid., pp. 115-17.

⁹⁸Virginia, Mills E. Godwin, Jr., "Address . . . , January 10, 1968," SD No. 1, HSD, 1968 (Richmond, Virginia: DPS, 1968), p. 16.

⁹⁹Virginia, Acts (1966), op. cit., pp. 114-15.

¹⁰⁰Virginia, Code, 1950, Vol. I, 1972 Cumulative Supplement Annotated (Charlottesville, Virginia: The Mitchie Co., 1972), pp. 48-49.

¹⁰¹Virginia, Mills E. Godwin, Jr., "Address . . . , January 10, 1968," op. cit., p. 11.

¹⁰²Virginia, General Assembly, "Virginia Constitution," Manual, 1972, op. cit., art. X, sec. 9, annotated; see also "Virginia Constitution," Manual, 1970, op. cit., art. VIII, sec. 184, annotated.

¹⁰³Virginia, General Assembly, "Virginia Constitution," Manual, 1972, op. cit., art. VIII, sec. 11, annotated.

¹⁰⁴Ibid.

¹⁰⁵Virginia, Code, 1972, Cumulative Supplement, op. cit., pp. 19-21.

¹⁰⁶Ibid., pp. 311-12.

- 107 Virginia, "Senate Joint Resolution No. 21," Acts (Richmond, Virginia: DPS, 1972), p. 1611.
- 108 Letter, Dabney S. Lancaster to J. Lindsay Almond, Jr. [Governor; hereinafter referred to as J. L. A.], October 1, 1960. [Archives.]
- 109 Virginia, Higher Education Study Commission, "Report," prepared by John Dale Russell (Richmond, Virginia: December, 1965), pp. 183-85. [Mimeographed; Archives.]
- 110 Virginia, SCHE, "Minutes of Meetings of Council," December 14, 1957, and March 24, 1958, pp. 36, 57, respectively. [SCHE.]
- 111 Ibid., December 18, 1959.
- 112 Virginia, SCHE, "Biennial Report, 1962-64," December, 1963, p. 6. [Typewritten; Archives.]
- 113 Virginia, SCHE, "Report of the Virginia Cost Study," SD No. 16, HSD, 1964 (Richmond, Virginia: DPS, 1964), pp. ii, 1, 24-26.
- 114 Virginia, SCHE, "Professional Advisory Committee Plan," April 27, 1966, pp. 1-5. [Typewritten; Archives.]
- 115 Virginia, SCHE, The Virginia Higher Education Report (Richmond, Virginia: SCHE, July, 1972), p. 1.
- 116 Virginia, DB, "Division of the Budget [signed by L. M. K. Director, undated, estimated ca. 1960]." [Mimeographed; Archives.]
- 117 Memorandum, L. M. K. to A. S. H., December 16, 1963. [Archives.]
- 118 Virginia, Albertis S. Harrison, Jr., Governor, "Address . . . , January 12, 1966," SD No. 1., HSD, 1966 (Richmond, Virginia: DPS, 1966), pp. 42-43.
- 119 Virginia, Mills E. Godwin, Jr., Governor, "Address . . . , January 10, 1968," SD No. 1, HSD, 1968 (Richmond, Virginia: DPS, 1968), p. 16.
- 120 Virginia, DB, "Organization Chart" with Functions and Tasks on second page, June 1969. [Typewritten; Archives.]

¹²¹Letter, James O. Yarger to J. L. A., September 1, 1961 [Archives]; see also Virginia, Mills E. Godwin, Jr., Governor, "Address . . . , January 4, 1970," SD No. 1, HSD, 1969, Vol. II (Richmond, Virginia: DPS, 1969), p. 6.

¹²²Memorandum of Conversation, Gordon Bennett and Lou Aprahamian, with reference to Computer Services at the Virginia Institutions of Higher Education, Friday, June 25, 1965 at 3:00 p.m., signed James R. Connor, June 29, 1965. [Archives.]

¹²³Virginia, Division of ADP, Automated Data Processing in Virginia: A Statewide Plan for the Computer Age (Richmond, Virginia: Division of ADP, 1968), p. 1. [Archives.]

¹²⁴Memorandum of Conversation, op. cit.

¹²⁵Ibid.

¹²⁶Letter, P. B. W. to M. E. G., February 11, 1966. [Archives.]

¹²⁷Letter, M. E. G. to P. B. W., February 15, 1966. [Archives.]

¹²⁸Letter, C. O. L. to James T. Fleming, February 20, 1967 [Archives]; see also Virginia, Division of ADP, op. cit., p. 12.

¹²⁹Virginia, Governor's Computer Advisory Committee, "Automated Data Processing in the State of Virginia," "Report," October 1967, pp. passim 1-34. [Typewritten; Archives.]

¹³⁰Virginia, Governor's Office, Executive Order [signed by M. E. G.], March 4, 1968; see also Virginia, Division of ADP, op. cit., Appendix A. [Archives.]

¹³¹Virginia, Governor's Office, Commissioner of Administration, Administrative Directive No. 2, April 10, 1968; see also Virginia, Division of ADP, op. cit., Appendix B-2. [Archives.]

¹³²Virginia, Governor's Office, Commissioner of Administration, Administrative Directive No. 3, May 8, 1968; see also Virginia, Division of ADP, op. cit., Appendix B-3. [Archives.]

¹³³Virginia, Governor's Office, Commissioner of Administration, Administrative Directive No. 4, June 14, 1968; see also Virginia, Division of ADP, op. cit., Appendix B-4. [Archives.]

¹³⁴Letter, Gordon W. Mills to Walker H. Quarles, Jr., January 31, 1960; see also Letter, Gordon W. Mills to C. O. L., October 6, 1969. [Archives.]

¹³⁵Letter, M. E. G. to P. B. W., October 8, 1968, [Archives.]

¹³⁶Letter, T. Edward Temple to Edwin C. Lescallette, May 19, 1970; letter, Gordon W. Mills to L. H., November 24, 1970, with enclosure; see also Virginia, Linwood Holton, Governor "Address . . . , January 12, 1970," SD No. 1, HSD, 1970 (Richmond, Virginia: DPS, 1970), pp. 5-6. [Archives.]

¹³⁷Virginia, Division of ADP, "Commonwealth ADP Concept," 1972. [Mimeographed.]

¹³⁸Letter, C. O. L. to Russell A. Locke, May 22, 1968. [Archives.]

¹³⁹Virginia, Governor's Office, Office of Administration [signed by C. O. L., Commissioner of Administration], November 20, 1967. [Archives.]

¹⁴⁰Memorandum, C. O. L., Office of Administration, to Heads of State Agencies, Departments, and Institutions, November 18, 1966. [Archives.]

¹⁴¹Virginia, Governor's Office, Executive Order [signed by M. E. G.], July 1, 1966. [Archives.]

¹⁴²Virginia, Governor's Management Study Implementation Commission, Report (Richmond, Virginia: DPS, 1972), February 10, 1972, pp. 4-5.

¹⁴³Ibid.; see also "Comments to Virginia Social Science Association," presented by Earl J. Shiflet at Virginia Polytechnic Institute and State University, Blacksburg, Virginia, April 26, 1973 (Richmond, Virginia: Office of the Secretary of Education, 1973).

¹⁴⁴Virginia, Governor's Management Study Implementation Commission, op. cit., pp. 3, 8, 24.

¹⁴⁵Virginia, VALC, "Higher Education in Virginia," HD No. 8, HSD, 1952 (Richmond, Virginia: DPP, 1951), pp. 32-33.

¹⁴⁶Letter, L. M. K. to J. L. A., February 10, 1960, with routing slip. [Archives.]

147 Ibid.

148 Letter, Paul H. Farrier to J. L. A., January 30, 1958, with enclosure; see also letter, J. L. A. to Howard H. Adams [Honorable], February 1, 1958. [Archives.]

149 Letter, Paul H. Farrier to J. L. A., March 26, 1958. [Archives.]

150 Letter, W. H. M. to Lloyd C. Bird [Honorable], February 8, 1965, pp. 2-3; see also letter, Lloyd C. Bird to C. O. L., February 10, 1965. [Archives.]

151 Letter, W. H. M. to J. L. A., March 12, 1959. [Archives.]

152 Letter, W. H. M. to J. L. A., December 13, 1960, with enclosed "Memorandum on the Coordination of Higher Education in Virginia. [Archives.]

153 Ibid., enclosure "Memorandum . . . ," p. 1.

154 L. M. Kuhn, personal interview, State Capitol, Richmond, Virginia, May 2, 1973.

155 Routing slip. C. O. L. to L. M. K., May 11, 1964, with attached "Proposal for Implementing Section 9e of H.B. 35." [Archives.]

156 Ibid.; letter, W. H. M. to A. S. H., July 22, 1964, op. cit. [Archives.]

157 "Educators Endorse Bills to Set Up College Council," RTD, February 8, 1956, p. 1.

158 Minutes, meeting of the Presidents' Council (of state institutions of higher learning [sic]) and representatives of their Boards of Visitors, June 19, 1959. [Unsigned carbon copy; Archives.]

159 Virginia, SCHE, "Biennial Report," 1962-64, December, 1963, p. 7. [Mimeographed; Archives.]

160 Letter, S. W. Rawls, Jr., to A. S. H., July 21, 1964, with enclosure "Actions Which Conflict with Council Policy." [Archives.]

161 Editorial, "A Valuable State Report," RTD, September 25, 1961, p. 14.

- 162 Letter, P. B. W. to A. S. H., September 25, 1964.
[Archives.]
- 163 Memorandum, Governor's Office, "Basic Budget Considerations," July 11, 1966, p. 2. [Archives.]
- 164 Virginia, Governor's Office, State Budget Policies, July 20, 1966, p. 2.
- 165 Letter [Personal and Confidential], P. B. W. to C. O. L., March 2, 1965; letter, P. B. W. to A. S. H., March 2, 1965; letter, A. S. H. to P. B. W., March 2, 1965; letter from John L. Green to C. O. L., February 16, 1965; see also letter, John L. Green to the Presidents of Public-Supported Institutions of Higher Learning in Virginia, "Space Utilization Study for the Fall of 1964," January 25, 1965. [Archives.]
- 166 Letter, L. M. K. to P. B. W., February 3, 1965, with routing slip. [Archives.]
- 167 Ibid.
- 168 Letter, P. B. W. to L. M. K. and J. G. B., October 8, 1964, with enclosures "Summary Statement of the Council's Need for Supplemental Information," and "Supplemental Budgetary Information." [Archives.]
- 169 Letter, P. B. W. to L. M. K., December 16, 1964.
[Archives.]
- 170 Letter, P. B. W. to L. M. K., March 26, 1965, with enclosure "Instructions for Completing Forms CD-1 and CD-2." [Archives.]
- 171 Memorandum, P. B. W. to C. O. L., November 15, 1966, p. 3, with enclosure explaining Information Data Gathering and Analysis System. [Archives.]
- 172 Ibid.
- 173 Letter, L. M. K. to C. O. L., January 4, 1967; letter, P. B. W. to C. O. L., January 12, 1967; letter, P. B. W. to L. M. K., January 17, 1967; routing slip P. B. W. to C. O. L., January 20, 1967; letter, L. M. K. to P. B. W., January 23, 1967; letter, P. B. W. to L. M. K., February 22, 1967; memorandum, P. B. W. to C. O. L., February 28, 1967; see also letter, L. M. K. to P. B. W., September 27, 1967. [Archives.]

174 Letter, L. M. K. to the Heads of the Institutions of Higher Education, "1968-70 Budget Recommendations," January 11, 1968, p. 1. [Archives.]

175 Ibid., p. 2.

176 Ibid., p. 3.

177 Letter, L. M. K. to P. B. W., September 3, 1968.
[Archives.]

178 Letter, Joseph E. Blackburn, Chairman, to C. O. L., March 5, 1969. [Archives.]

179 Letter, C. O. L. to Joseph E. Blackburn, March 7, 1969; see also notes of meeting on Friday, March 7, 1969, between C. O. L., L. M. K., Edwin J. Crocklin, James B. Cook, Jr., Joseph E. Blackburn, and P. B. W. [initialed by J. B. C. (James B. Cook, Jr.)].
[Archives.]

180 Summary of College Presidents' discussion of proposed budget guidelines, March 25, 1969, E. J. C. [Edwin J. Crockin] to L. M. K., March 27, 1969]. [Archives.]

181 Memorandum, P. B. W. to Members of the General Professional Advisory Committee, March 18, 1969, p. 1, with enclosure, "Proposed Appendix M, Budget Manual." [Archives.]

182 Letter, P. B. W. to A. S. H., March 12, 1965, with enclosure "Presentation of the State Council of Higher Education for Virginia to Presidents' Council of State Institutions of Higher Learning . . . , March 10, 1965"; see also letter, P. B. W. to C. O. L., March 12, 1965. [Archives.]

183 Letter, P. B. W. to M. E. G., July 12, 1968. [Archives.]

184 Letter, L. M. K. to P. B. W., "Item 754, 1968 General Appropriation Act," June 7, 1968. [Archives.]

185 Letter, T. Marshall Hahn, Jr., to SCHE, June 18, 1968.
[Archives.]

186 Letter, Edgar F. Shannon, Jr., to P. B. W., June 19, 1968, with enclosure "Proposed Allocation of \$1,000,000 Library Resources Fund." [Archives.]

187 Letter, Lorin A. Thompson to P. B. W., June 22, 1968, with memorandum "Allocation of Library Funds under Item 754, Chapter 806, Acts of the General Assembly 1968." [Archives.]

¹⁸⁸Memorandum, P. B. W. to Members of the General Professional Advisory Committee, op. cit., p. 1.

¹⁸⁹Memorandum, M. E. G., Governor, to Presidents and Chief Administrative Officers of All State Institutions of Higher Education and Heads of Listed Agencies, "1968-69 Allocations from Item 754, Appropriation Act, 1968," July 25, 1968. [Archives.]

¹⁹⁰Letter, L. M. K. to C. O. L., December 11, 1968, with enclosure "Budget Office Staff Memorandum, December 11, 1968, Allocations of Item 754 for Second Year of 1968-70 Biennium." [Archives.]

¹⁹¹Letter, L. M. K. to P. B. W., "Item 754, 1968 Appropriation Act, 1969-70 Allocations," February 7, 1969. [Archives.]

¹⁹²Letter, P. B. W. to J. G. B., October 15, 1964; letter from P. B. W. to J. G. B., November 5, 1964, with enclosure "A Rationale in Support of the Procedures Recommended by the Council of Higher Education for Reporting Supplementary Budget Information"; see also letter, S. W. Rawls, Jr., to the Honorable D. Woodrow Bird, December 7, 1964. [Archives.]

¹⁹³Virginia, General Assembly, Commission for Economy in Governmental Expenditures, Report (Richmond, Virginia: DPS, 1966), p. 4.

¹⁹⁴Note, P. B. W. to C. O. L., February 25, 1966. [Archives.]

¹⁹⁵Note, P. B. W. to John H. Daniel [Honorable], February 25, 1966. [Archives.]

¹⁹⁶Letter [personal], Lloyd C. Bird to C. O. L., July 24, 1967. [Archives.]

¹⁹⁷Memorandum, P. B. W. and H. Douglas Hamner, Jr., to Presidents of State-Controlled Institutions of Higher Education, November 25, 1966. [Archives.]

¹⁹⁸Letter, L. M. K. to H. Douglas Hamner, Jr., "Section 22, 1966 Appropriation Act (Supplementary Funds for Capital Outlay Projects)," November 24, 1967, with enclosures. [Archives.]

¹⁹⁹Virginia, Mills E. Godwin, Jr., "Addenda to Address . . . , January 4, 1970," SD No. 11, HSD, 1969, Vol. II (Richmond, Virginia: DPS, 1969), p. 9.

²⁰⁰Memorandum, Roy E. McTarnaghan [hereinafter referred to as R. E. M.] to Council Members, November 11, 1970, p. 2. [Archives.]

²⁰¹Letter, J. R. M. to R. E. M., June 29, 1970; letter, R. E. M. to J. R. M., September 15, 1970 with enclosure "Model on Differentiated Funding Cost/FTE--Student Educational and General"; letter, J. R. M. to R. E. M., September 25, 1970; letter, R. E. M. to J. R. M., October 15, 1970; letter, J. R. M. to R. E. M., October 19, 1970; letter, J. R. M. to R. E. M., March 4, 1971; letter, R. E. M. to J. R. M., March 5, 1971; see also letter R. E. M. to J. R. M., March 17, 1971. [DB.]

²⁰²Letter, J. R. M. to R. E. M., September 25, 1970, passim pp. 1-3. [DB.]

²⁰³Letter, J. R. M. to R. E. M., January 24, 1972, passim pp. 1-4. [DB.]

²⁰⁴Memorandum, Roy E. McTarnaghan, op. cit., p. 1. [Archives.]

²⁰⁵Memorandum, R. E. M. to the General Professional Advisory Committee, September 30, 1970. [Archives.]

²⁰⁶"College Requests Defended," RTD, December 18, 1971, p. B-1.

²⁰⁷Editorial, "Not a Super Idea," RTD, February 25, 1972, p. B-1.

²⁰⁸Shelley Rolfe, "Superboard on Colleges Proposed," RTD, January 25, 1972, p. A-16.

²⁰⁹Editorial, "Second Thoughts," RTD, February 29, 1972, p. A-14.

CHAPTER IV

CONCLUSIONS

As stated in Chapter I, the purpose of this study was to examine the Virginia state budgeting process in the light of the national trend toward more centralized, formalized, and rational techniques for allocating funds to public institutions of higher education. Taking the basic question, "Is the Commonwealth of Virginia following the national trend in budget processes relative to higher education?," the hypothesis was advanced that, between 1950 and 1972, the budgeting procedures for public institutions of higher education in the State of Virginia became more formal in the allocation of resources to the State-supported institutions of higher education. Examined in connection with the hypothesis were four categories: the philosophy, the power, the structure, and the inter-agency relations. Each will be discussed in turn with respect to its bearing on the hypothesis.

Turning to the area of philosophy, the inquiry pointed to two major conclusions. First, the State of Virginia became committed firmly to formal methods of budgeting, as defined. The adoption of and the deliberate attempts to develop and refine formula budgeting by both the Division of the Budget and the State Council of Higher Education were clear in both the maintenance and operation and the

capital outlay budgeting. The development of the Information Data Gathering and Analysis System by the State Council enhanced the move. The purposeful development of an automated data processing capability by the State Council and the initiation of electronic data processing techniques by the Division of the Budget also supported the trends to formal budgeting methods. Second, the commitment to program budgeting was not so clear. The broad definition of program budgeting may help account for the lack of precision in evaluating this aspect. A policy commitment to program budgeting was made during the Godwin administration, and there was evidence that the budget document was revised to reflect this policy. Some discussion took place about instituting a PPBS, but no firm commitment was made to the extent that states such as New York, Pennsylvania, Hawaii, and Wisconsin have undertaken program budgeting. Within the area of higher education itself, the adoption of the functionally-oriented Chart of Accounts represented a step in the direction of a program format. Also, the combination of the concepts of program and budget review administered by the State Council, in effect, constituted a form of program budgeting itself, because the process involved establishing priorities of higher education programs based on the program merit and need.

Statutory powers did not present a clear reinforcement of the hypothesis. The authority to engage in formula budgeting, an information system, an automated data processing capability, and a program budgeting each emanated from executive or agency direction rather than the exercise of specific formal powers. For instance,

formula budgeting was established by the Division of the Budget; the Information Data Gathering and Analysis System, by the State Council of Higher Education; and the Division of Automated Data Processing and program budgeting, by the governor. The most that can be said is that the legislature did not interfere with the move toward more formalized methods of budgeting.

Constitutional changes affected the hypothesis little, except in the financing of higher education and student aid for tuitions. While financing procedures are vital to any enterprise, it was peripheral to the hypothesis under consideration. However, student aid became a formula-style allocation of resources to higher education in the budget process.

With respect to structures, certain structural changes were found to favor the hypothesis and others disfavor. Those changes favoring the hypothesis are considered first. Foremost of the structural changes was the formation of the State Council of Higher Education, although nearly a decade passed before the Council gained enough stature to influence the budgeting process in higher education. During the interim, some gradual structural intrusion to the budgetary process took place through the early development of the Council's advisory committees. These structures reached fruition between 1964 and 1970 and permitted the interchange of ideas between institutions of higher education and the State-level budgeting authorities through several mechanisms: the Presidents' Council, the Finance and Administrative Officers, and the automated data planners. The impact

of these structures was illustrated by the allocation of supplemental funds for libraries.

A second structural development favoring the hypothesis was the Reorganization of 1966. Particularly noteworthy are three structural changes. First, the streamlining of the Division of the Budget from its housekeeping roles allowed the Division to concentrate on its roles of budget preparation and execution. In this regard, it was expected to concentrate to a greater extent upon policy making with respect to its roles. There seemed to be a strong correlation between the changed structure and the development of formula budgeting. A second structural change in 1966 concerned the establishment of the Division of Engineering and Buildings and its contingent role in capital outlays. After this split of the administration of capital outlays from the Division of the Budget, rapid progress occurred in the related areas of space utilization and inventory of facilities at institutions of higher education. Within three years, the information, collated with nationwide surveys, resulted in guidelines for budgeting capital outlays in higher education. The third favorable structural change in 1966 involved the establishment of a Commissioner of Administration. The Commissioner of Administration especially influenced the events associated with the hypothesis by his efforts to coordinate a statewide automated data processing plan in Virginia. The task of assembling the diverse agencies of government, like the Division of the Budget and the State Council, brought new perspectives and encouraged the development of

automated data processing, sometimes where little or none existed before.

The next structural change which favored the hypothesis was the formation of the Division of Automated Data Processing. While the Division itself promoted and fostered development of the capability, the decision to allow the State Council to develop an automated data processing plan for higher education focused attention on the unique status and unique needs of higher education, such as the regionalization of processing centers, the interchangeability of data programs, and the lack of hardware in small institutions. The move toward an automated data processing capability facilitated bringing comparability to the mass of data reported by the institutions of higher education to State agencies.

In contrast to those structures which favored the hypothesis, at least one structural change disfavored it, the reorganization of State government into a Secretary system. Although it had not been placed in effect by end of this study, June 30, 1972, it had been authorized by the legislature to become effective on July 1, 1972. This structural development presumably was not intended to superimpose a new level of bureaucracy over existing agencies. It was intended only to assist the Governor in the management of government. The statutory powers of those agencies grouped under the Secretaries did not change. However, the establishment of the Secretariates opened six more channels for policy decisions and conflict to appear. Over time, it was felt that the superstructure would inhibit the

progress toward formal budgeting methods, by the sheer weight of the bureaucracy.

The last of the four aspects investigated--interagency relations--will also be discussed from the standpoint of those favoring and those disfavoring the hypothesis. Four points suggested favoring the hypothesis. First, the growth of the State Council of Higher Education in its supportive role to the Division of the Budget augured well for increasing the scope and refinements of formula budgeting. The Information Data Gathering and Analysis System and Chart of Accounts were firmly seated in the processes of state government and compiled a bank of comparable data over four biennia. By June 30, 1972, sufficient data should have existed to make reasonably reliable statistical analyses. Such analyses could have resolved some of the problems concerned with the lack of budget formulae. Second, the development of a more openly cooperative approach to mutual problems between the two Directors--Division of the Budget and State Council--supported the hypothesis. Probably some animosities existed at the operating level because of past rivalry between the two agencies. The cooperative spirit constituted a step in the right direction. Third, the acceptance and support for the concept of formula budgeting constituted a significant step forward for higher educational budgeting in Virginia. Fourth, the development of favorable working relations between the Division of Automated Data Processing, the Division of the Budget, the State Council, the Division of Personnel, the Division of Engineering and Buildings, and

the institutions of higher education supported the hypothesis.

On the other hand, at least two interagency relations disfavored the hypothesis. First, the lack of effective statistical analysis for higher education budgeting constituted a notable limitation to progress in formula budgeting and program budgeting. In particular regards to formula budgeting, the information for analysis was abundantly available at the Division of the Budget and at the State Council. Automated data processing expertise existed for analytical programs, and money was appropriated by the legislature for these purposes. But, a lag existed. The legislature seemed to recognize this deficiency when it established its General Accounting Office in 1972. The Governor's Management Study noted the same deficiency when it recommended that a management analysis function be developed in the Division of the Budget. Money for the latter was appropriated in the 1972-1974 biennial budget, but by June 30, 1972, it was not being actively pursued.

Second, there seemed to be approximately a six- to eight-year lag for innovation to occur relative to budgeting in higher education. Although earlier studies had recommended a State board or agency to control all higher education, the post-World War II momentum began about 1948 and culminated in 1956 with the formation of the State Council of Higher Education. Again, it took from 1956 until 1964 for the higher education Chart of Accounts to be accepted; and it took from 1960 to 1966 to restore budget review authority to the State Council. Further, the Division of the Budget requested some analyses

from the State Council in 1966 for budgeting formulae; in 1972, many of the same analyses were requested from the State Council. Such lags inhibit progress in the world of rapid technological development today.

General Conclusions

Some general conclusions about the budgeting process as it applied to higher education were generated by the general inquiry into the hypothesis. These general conclusions were not limited by the stricter criteria used in presenting the study. First, there seemed to be at least two levels of budgeting, whether for higher education or other. One level consisted of a policy level where at least two key decisions were made: what was desired (or desirable) for the budget to achieve and involved overall priorities; and what was feasible when considering estimated available resources in comparison with requested resources. The first decision was analogous to the approach of program budgeting. The second was analogous to the incremental approach to budgeting. Both decisions and approaches were valid, but were interrelated and could not truly be divorced from one another. The second level could be termed a technical level. At this level the decisions were made about how to implement the budget estimates, what allowed reasonable operating latitude, or flexibility, for subordinate agencies, and what constituted a reasonable, equitable distribution of resources based on policy-determined priorities. Formula budgeting fell into this second level. There has been

considerable confusion about various kinds of budgeting, and this framework of levels may make it easier to sort the mass of material which has been published about budgeting. The idea of levels was not original. Wildavsky, Sharkansky, and Schick recognized a similar separation of policy from the rest of the budgeting process.

The discussion of levels led to a second conclusion that the Division of the Budget seemed to be evolving closer toward the technical level than to its status as policymaker relative to higher education. The growth of the State Council and the superimposition of the Office of Administration (later, Secretariate of Administration) aided this diminution.

The third conclusion grew out of the second. The State Council of Higher Education played an increasingly larger role in the allocation of resources for higher education, whether at the policy level or technical level. Its influence at the policy level was observed in its program and budget review functions, and in the consignment of new activities to it by the Governor and General Assembly. New activities with budgetary overtones included the allocation of supplemental library funds and supervision of student aid. Other examples may arise in the future. At the technical level, the extended participation in developing budget formula represented the prime example.

The fourth conclusion concerned the slow progress made toward achieving a fully-operative automated data processing program for higher education. At the close of the period of this study, only a

limited amount of budgetary information had been placed into computer storage and no analytical statistical programs existed. In similar fashion, the State Council had computerized much of its data, but evidenced virtually no programs for statistical analysis. The term "statistical analysis" is used in the modern sense where data are analyzed by mathematical, probabilistic techniques, rather than simple arithmetic calculations like percentages and averages.

The fifth conclusion was related to the previous one. A continuous statistical analytical capability was needed either for the Division of the Budget or for the legislature to perform the kind of higher education analyses not then available. An appropriate analytical capability required computerized programs for statistical analysis. It appeared that the analyses resulting from such programs would have been helpful to the Division of the Budget, the legislature, and the State Council. The hardware and technicians were available in the Division of Automated Data Processing. A need existed for persons qualified to marry the technical capacity to the desired analysis.

Possibilities for Further Inquiry

Some possibilities for further inquiry about the budgetary process and higher education in Virginia are offered. First, a history of the State Council of Higher Education could provide worthwhile insights about budgetary and other relationships between the State Council and other agencies. In similar fashion, a history of

the Division of Budget might reveal the priorities which higher education has held relative to other functions or agencies. Second, there is a need for statistical research in specific functional areas of the higher education budget to determine formulae. For example, the relationship between faculty administrative positions and full-time students could be analyzed. Third, a comprehensive study of legislative behavior, past and present, toward higher education seems worthwhile.

BIBLIOGRAPHY

BIBLIOGRAPHY

Books

- Adams, J. Stacy. Interviewing Procedures. Chapel Hill, North Carolina: University of North Carolina Press, 1958.
- American Council on Education. College and University Business Administration. Rev. ed. Washington, D.C.: American Council on Education, 1968.
- Berdahl, Robert O. Statewide Coordination of Higher Education. Washington, D.C.: American Council on Education, 1971.
- Blackwell, Thomas E. College and University Administration. New York: Center for Applied Research in Education, Inc., 1966.
- Brown, Stanley M. Business Executives Handbook. Englewood Cliffs, New Jersey: Prentice-Hall, 1953.
- Brumbaugh, A. J. Statewide Planning and Coordination of Higher Education. Atlanta, Georgia: Southern Regional Education Board, 1963.
- Brundage, P. F. The Bureau of the Budget. New York: Praeger Publishers, Inc., 1970.
- Chambers, M. M. Higher Education in the Fifty States. Danville, Illinois: Interstate Publishing Co., 1970.
- Council of State Governments. Budgeting by the States. Chicago: Council of State Governments [prepared for the National Association of State Budget Officers, with tabular revisions to April 1970], 1967.
- Dexter, Lewis Anthony. Elite and Specialized Interviewing. Evanston, Illinois: Northwestern University Press, 1970.
- Dressel, P. L., and Pratt, S. B. The World of Higher Education. San Francisco, California: Jossey-Bass, Inc., 1971.
- Glenny, L.; Berdahl, R. O.; Palola, E. G.; and Paltridge, J. G. Coordinating Higher Education in the '70s. Berkeley, California: Center for Research and Development in Higher Education, University of California, 1971.

- Green, John Lafayette. Budgeting in Higher Education. Athens, Georgia: University of Georgia Business and Finance Office, 1971.
- Green, John Lafayette, and Grothajan, H. C. Administrative Data Processing in Higher Education. Athens, Georgia: University of Georgia Business and Finance Office, 1971.
- Hamelman, Paul W. Managing the University: A Systems Approach. New York: Praeger Publishers, Inc., 1972.
- Hansen, W. L., and Weisbrod, B. A. Benefits, Costs, and Finance of Public Higher Education. Chicago: Markham, 1969.
- Hening, William W. The Statutes at Large: being a collection of all the Laws of Virginia from the first session of the legislature in the year 1619. Vols. I-XIII. New York: R. & W. & G. Bartow, 1823.
- Howard, S. K. Changing State Budgeting. Lexington, Kentucky: Council of State Governments, 1973.
- Hungate, Thad L. Finance in Educational Management of Colleges and Universities. New York: Teachers College, Columbia University, 1954.
- Johnson, C. B., and Katzemeyer, W. G. Management Information Systems in Higher Education: The State of the Art. Durham, North Carolina: Duke University Press, 1969.
- Kerlinger, Fred N. Foundations of Behavioral Research. New York: Holt, Rinehart, and Winston, 1964.
- Lasser, Jay Kay. Business Management Handbook. New York: McGraw-Hill, 1968.
- Miller, James L., Jr. State Budgeting for Higher Education: The Use of Formulas and Cost Analysis. Ann Arbor, Michigan: Institute of Public Administration, University of Michigan, 1964.
- Millet, J. D. Financing Higher Education in the United States: A Staff Report of the Commission on Financing Higher Education. New York: Columbia University Press, 1952.
- Nie, N. H.; Bent, D. H.; and Hull, C. H. S.P.S.S.: Statistical Package for the Social Sciences. New York: McGraw-Hill, 1970.

- Novick, David. Program Budgeting. Cambridge, Massachusetts: Harvard University Press, 1965.
- Oppenheim, A. N. Questionnaire Design and Attitude Measurement. New York: Basic Books, 1966.
- Orwig, M. D., ed. Financing Higher Education: Alternatives for the Federal Government. Iowa City, Iowa: American College Testing Program, 1971.
- Ott, David J., and Ott, Affiat F. Federal Budget Policy. Rev. ed. Washington, D.C.: Brookings Institution, 1969.
- Pearson, Charles C. The Readjuster Movement in Virginia. Gloucester, Massachusetts, 1969. [Reprint of Yale University Press, 1917.]
- Pulley, Raymond H. Old Virginia Restored: An Interpretation of the Progressive Impulse, 1870-1930. Charlottesville, Virginia: University of Virginia Press, 1968.
- Rourke, R. E., and Brooks, G. E. The Managerial Revolution. Baltimore: Johns Hopkins Press, 1966.
- Scheps, C., and Davidson, E. E. Accounting for Colleges and Universities. Baton Rouge, Louisiana: Louisiana State University Press, 1970.
- Schick, Allen. Budget Innovation in the States. Washington, D.C.: Brookings Institution, 1971.
- Schultze, Charles L. The Politics and Economics of Public Spending. Washington, D.C.: Brookings Institution, 1968.
- Sharkansky, Ira. Policy Analysis in Political Science. Chicago: Markham, 1970.
- _____. Public Administration. Chicago: Markham, 1970.
- _____. Spending in the American States. Chicago: Rand, McNally, 1968.
- Smithies, Arthur. "Budgeting: Government Budgeting." International Encyclopedia of the Social Sciences, Vol. II.
- Sundelson, J. W. Budgetary Methods in National and State Governments. Albany, New York: J. B. Lyon Co., 1938.

Weisbrod, B. A. External Benefits of Public Education: An Economic Analysis. Princeton, New Jersey: Princeton University Press, 1964.

Wildavsky, Aaron. "Budgeting: Budgeting as a Political Process." International Encyclopedia of the Social Sciences. Vol II.

_____. The Politics of the Budgetary Process. Boston, Massachusetts: Little, Brown, 1964.

_____. "Toward a Radical Incrementalism: A Proposal to Aid Congress in Reform of the Budgetary Process," in Congress: The First Branch of Government. Edited by A. de Grazia for American Enterprise Institute. Garden City, New York: Doubleday, 1967.

Williams, Harry. "Resource Allocation in Higher Education." The Encyclopedia of Education. Vol. VII.

Wilson, Logan, ed. Emerging Patterns in Higher Education. Washington, D.C.: American Council on Education, 1965.

Commonwealth of Virginia Documents

The Code of Virginia. Richmond, Virginia: William F. Ritchie, 1849.

_____. The Code of Virginia. Richmond, Virginia: Ritchie, Dunnavant & Co., 1860.

_____. The Code of Virginia. Annotated. Vols. I, II. Edited by J. G. Pollard. St. Paul, Minnesota: West Publishing Co., 1904.

_____. The Code of Virginia. Richmond, Virginia: James E. Goode, 1887.

College of William and Mary. "The President's Report, 1972-1973." Williamsburg, Virginia: College of William and Mary, 1973. [Leaflet.]

Commission on Code Recodification and Proposed Code of Virginia. Report of the Commission. Charlottesville, Virginia: The Michie Co., 1947.

Commission on the Legislative Process. Report. Richmond, Virginia: Department of Purchases and Supply, 1973.

Commission to Study the State Government of Virginia. "Report."
September 1, 1961. [Pamphlet.]

Comptroller's Office. Annual Report: 1928-72. [Found in bound
copies of the Annual Reports of the Commonwealth of Virginia
only between 1928 and 1948.]

Constitution. 1776, 1830, 1851, 1870, 1902, 1928, 1971.

Council of Presidents of State-Aided Institutions of Higher Learning
in Virginia. "Higher Education and Economic Development in
Virginia." Richmond: November 1, 1963. [Pamphlet.]

Department of Virginia Community Colleges. "Policies, Procedures,
and Regulations Operating Manual." Chap. IV, "Fiscal
Matters." Vol. I. Richmond, Virginia: Department of
Virginia Community Colleges, 1968. [Amended. Booklet.]

Division of Automatic Data Processing. "Commonwealth ADP Concept."
[Briefing handout prepared in 1972 for Dr. J. Howard Bryant.
Mimeographed.]

General Assembly. Acts. 1803 and Vol. II 1808. Richmond, Virginia:
Samuel Pleasants, Jr., and Henry Pace, 1803 and 1808,
respectively.

_____. Acts. 1827, 1834-35, 1838-42, 1848-58, 1861-63 (Richmond),
1861-63 (Wheeling), 1865-67, 1869-75, 1877-80, 1881-82,
1883-1972. [A survey of Appropriation Acts, public debt,
finance, budgets and higher education.] Richmond, Virginia
[except as noted]: Public Printer 1827-1870; Superintendent
of Public Printing, 1871-1927; Division of Purchases and
Printing, 1928-57; Department of Purchases and Supply,
1957-72.

_____. Commission for Economy in Governmental Expenditures.
"Report." Richmond, Virginia: Department of Purchases and
Supply, 1966. [Pamphlet.]

_____. Commission to Study Tuition Charges and Other Matters in
State Supported Institutions of Higher Learning. "Higher
Education in Virginia and Its Cost to the Taxpayer and
Student." Senate Document No. 4, extra session 1959.
Richmond, Virginia: Department of Purchases and Supply,
1959. [Pamphlet.]

_____. House of Delegates. Committee on Appropriations. "Report
from the Committee on Appropriations to the House of Delegates
[as required by resolution]." Richmond, Virginia. [Pamphlet.]

- _____. House of Delegates. Documents 1849-50. Richmond, Virginia: William F. Ritchie, Public Printer, 1849.
- _____. House of Delegates. House Journal 1942-72. Richmond, Virginia: Division of Purchase and Printing, 1942-57; Department of Purchases and Supply, 1957-72. [Published in 1942 and each even numbered year through 1972, except editions in 1947, 1955, 1959, 1963, 1969, and 1971.]
- _____. House of Delegates. House Journal and Documents 1881, 1887, 1891-1940. Richmond, Virginia: Superintendent of Public Printing 1881-1927; Division of Purchase and Printing 1928-1940. [Published in last year of volume title and each even year since 1891 except: 1901, 1919, 1923, 1927, and 1933.]
- _____. House of Delegates. Journal 1870-71. Richmond, Virginia: Superintendent of Public Printing, 1871.
- _____. House of Delegates. Journal and Documents 1866-67. Richmond, Virginia: Enquirer, Print. [sic], 1866.
- _____. House of Delegates. Journal and Documents 1871-72. Richmond, Virginia: Superintendent of Public Printing, 1872.
- _____. House and Senate Documents 1950-72. Richmond, Virginia: Division of Purchase and Printing, 1950-57; Department of Purchases and Supply, 1957-72. [1950 and each even numbered year through 1972, except editions in 1955, 1959, 1963, 1965, 1969, 1971].
- _____. Manual of the Senate and House of Delegates, sessions 1971 to 1972. Richmond, Virginia: Department of Purchases and Supply, 1971-72.
- _____. Senate and House Joint Documents. 1942-48. Richmond, Virginia: Division of Purchase and Printing [1942 and each even numbered year except 1945 and 1947.].
- _____. Senate. Senate Journal 1942-72. Richmond, Virginia: Division of Purchase and Printing, 1942-57; Department of Purchases and Supply, 1957-72 [1942 and each even numbered year through 1972, except editions in 1945, 1947, 1955, 1959, 1963, 1965, 1969, and 1971].
- _____. Senate. Senate Journal and Documents. 1900-40. Richmond, Virginia: Davis Bottom 1900-28; Division of Purchase and Printing, 1928-40 [1902 and each even numbered year through 1940 except 1901, 1919, 1923, 1927, and 1933].

- _____. Virginia Advisory Legislative Council. "Comparative Costs at State Supported Institutions of Higher Learning to Virginia and Non-Virginia Students." Senate Document No. 6, Richmond, Virginia: 1943. [Pamphlet.]
- _____. Virginia Advisory Legislative Council. "The Crisis in Higher Education in Virginia." House Document No. 3. Richmond, Virginia: Division of Purchase and Printing, 1955. [Pamphlet.]
- _____. Virginia Advisory Legislative Council. "Higher Education in Virginia." Richmond, Virginia: Division of Purchase and Printing, 1951. [Pamphlet.]
- Governor's Management Study Implementation Commission. "Report." Richmond, Virginia: Department of Purchase and Supply, 1972. [Pamphlet.]
- Governor's Office. "Budget Classification of Positions in the State Service." Richmond, Virginia: Governor's Office, August 2, 1939. [Booklet.]
- _____. Division of the Budget. "Classifications and Instructions for the Preparation of Budget Estimates." 1920-49. Richmond, Virginia: Superintendent of Public Printing, July 1, 1919; Division of Purchase and Printing, April 1, 1929; July 1, 1939; July 1, 1941; July 1, 1949. [Pamphlets.]
- _____. "Personnel Analysis 1954/55." Richmond, Virginia: Division of the Budget, 1954. [Pamphlet.]
- _____. "Report of Budget Director Analyzing Personal Service Recommendations for 1940-42 in Comparison with 1938-40." General Assembly of Virginia, House Document No. 17. Richmond, Virginia: Division of Purchase and Printing, 1940. [Pamphlet.]
- _____. "Statutes of Virginia Relating to the State Budget System and to the Duties of the Director of the Division of the Budget." Richmond, Virginia: Division of Purchase and Printing, 1938. [Pamphlet.]
- Higher Education Study Commission. "Report of the Higher Education Study Commission." [Prepared by John Dale Russell, comprising eleven staff reports.] Richmond, Virginia: State Council of Higher Education for Virginia [Executive Agency], December, 1965. [Booklet.]

Office of the Auditor of Public Accounts. Annual Report. 1871-1927.
[Found in bound copies of the Annual Reports of the
Commonwealth of Virginia.] Richmond, Virginia:
Superintendent of Public Printing, 1871-1927.

_____. "Annual Report of the Auditing Committee of the General
Assembly and the Auditor of Public Accounts." 1928-72.
Richmond, Virginia: Division of Purchase and Printing
1928-57; and Department of Purchases and Supply 1957-72.
[Pamphlets.]

Office of the Governor. "Governor's Management Study, Survey and
Recommendations." Richmond, Virginia: Governor's
Management Study, Inc., November, 1970. [Pamphlet.]

_____. Division of the Budget. "Budget Manual" [as amended to
1973]. Richmond, Virginia: Department of Purchases and
Supply, March 25, 1971. [Pamphlet.]

_____. [Governor's Office, prior to 1966], Division of the
Budget. "Budget." [Biennial with associated Analysis and
Personnel Supplements.] Richmond, Virginia: Division of
the Budget 1948-72. [Pamphlets.]

Office of the State Accountant. Annual Report. 1908-26 (except
1912). [Found in bound copies of the Annual Reports of
the Commonwealth of Virginia.] Richmond, Virginia:
Superintendent of Public Printing, 1908-27.

Office of the Superintendent of Public Instruction. "Virginia
School Report" [later Annual Report]. 1871, 1899, 1938.
[Found in bound volumes of the Annual Reports of the
Commonwealth of Virginia.] Richmond, Virginia:
Superintendent of Public Printing 1871-99; Division of
Purchase and Printing 1938.

Pollard's Supplement to the Code of Virginia. Annotated. Edited
by L. C. Phillips. Richmond, Virginia: Everett Wadley Co.,
1916.

The Revised Code. Vol. II. Richmond, Virginia: Thomas Ritchie,
1819.

Second Auditor's Office. Annual Report. 1871-1926. [Found in
bound copies of the Annual Reports of the Commonwealth of
Virginia.] Richmond, Virginia: Superintendent of Public
Printing, 1871-1926.

- State Council of Higher Education for Virginia. Advisory Committee on Criteria for the Establishment of State-Controlled Baccalaureate Degree-Granting Institutions of Higher Education for Virginia. "Criteria for New Colleges: Background Papers." Richmond, Virginia: State Council of Higher Education for Virginia, July, 1969. [Pamphlet.]
- _____. "Analysis of Admissions Application, Fall 1971." Richmond, Virginia: State Council of Higher Education for Virginia, December, 1971. [Pamphlet.]
- _____. "Analysis of Instructional Budgets of State-Controlled Colleges and Universities in Virginia for the Biennium--1966-68." [Prepared by Charles R. Walker, Assistant Director.] [Typewritten.]
- _____. "Analysis of Program Development in the Six-Year Capital Outlay Request from the State-Supported Institutions of Higher Learning in Virginia: 1966-72 Biennia." Richmond, Virginia: State Council of Higher Education for Virginia, January, 1965. [Pamphlet.]
- _____. "Annual Student Enrollment Report of Virginia State-Controlled Institutions of Higher Education--1969-70." [Prepared by W. M. Anderson and W. P. Weakley.] July, 1970. [Pamphlet.]
- _____. "Biennial Report." 1958-60, 1962-64, 1964-66, 1966-68, 1968-70. Richmond, Virginia: January, 1960; December, 1963; n.d.; n.d.; December, 1969; respectively. [Pamphlets.]
- _____. "Chart of Accounts for Virginia State-Controlled Colleges and Universities." Richmond, Virginia: June, 1972. [Pamphlet.]
- _____. "A Continuing Commitment: Virginia's Appropriations for Higher Education." 1970-72. Richmond, Virginia: July, 1970; and May, 1972. [Pamphlets.]
- _____. "Extension Offerings and Enrollments, 1969-70." Richmond, Virginia: September, 1970. [Pamphlet.]
- _____. "Financing Virginia's Colleges." 1964-65, 1965-66, 1966-67, 1967-68, 1968-69, 1970-71. Richmond, Virginia: N.d.; March, 1967; January, 1968; February, 1969; December, 1969; June, 1972; respectively. [Pamphlets.]
- _____. "Goals for Higher Education in Virginia." Richmond, Virginia: N.d. [Pamphlet.]

- _____. "Higher Education Enrollment and Projected Enrollment, 1960-1982." Richmond, Virginia: October, 1972. [Pamphlet.]
- _____. "Higher Education in Virginia [selected characteristics, degree programs, student fees, in public and private institutions]." Richmond, Virginia: September, 1971. [Pamphlet.]
- _____. "Minutes." [August 21, 1956 to June 30, 1972.] Richmond, Virginia: Consecutive dates of meetings. [Typewritten.]
- _____. "Physical Facilities at Virginia's Colleges." 1966-67, 1967-68, 1971-72. Richmond, Virginia: 1967; August, 1968; June, 1972; respectively. [Pamphlets.]
- _____. "Population and Higher Education Enrollment." [A Staff Report presented to the State Council of Higher Education for Virginia, April 13, 1972. Uncirculated.] Richmond, Virginia: 1972. [Pamphlet.]
- _____. "Public Higher Education in Virginia, 1958-72." [A synopsis of data and observations.] Richmond, Virginia: December, 1957. [Pamphlet.]
- _____. "Report of Full-Time-Equivalent Student Enrollments for the Virginia Publicly-Supported Institutions of Higher Education." 1964-65. Richmond, Virginia: October, 1965. [Pamphlet.]
- _____. "Resident and Extension Enrollment." 1970-71. Richmond, Virginia: June, 1971. [Pamphlet.]
- _____. "Resident and Off-Campus Enrollment." 1971-72. Richmond, Virginia: July, 1972. [Pamphlet.]
- _____. "Space Planning Guides for Capital Outlay--Institutions of Higher Education." Richmond, Virginia: N.d. [Current to July 24, 1973. Pamphlets.]
- _____. "Student Enrollment." 1965-66, 1966-67, 1967-68, Fall 1971. Richmond, Virginia: July, 1966; July, 1967; July, 1968; January, 1972; respectively. [Pamphlets.]
- _____. "A Study of Student Financial Aid in Virginia." Richmond, Virginia: November, 1969. [Pamphlet.]
- _____. "The Theory and Practice of College Accounting, A Forum On. Number 1." Richmond, Virginia: August, 1966. [Pamphlet.]
- _____. "Those Employed at Virginia's Colleges." Richmond, Virginia: December, 1971. [Pamphlet.]

_____. "Utilization of Instructional Space, Fall, 1970." Richmond, Virginia: State Council of Higher Education for Virginia, June, 1971. [Pamphlet.]

_____. "Utilization of Instructional Space at Virginia's Colleges, 1967-1968." Richmond, Virginia: State Council of Higher Education for Virginia, December, 1968. [Pamphlet.]

_____. "Virginia and the Higher Education Act of 1965." Richmond, Virginia: State Council of Higher Education for Virginia, 1966. [Pamphlet.]

_____. "The Virginia Plan for Higher Education, 1972-1982." [Note particularly the chapter "Developing Goals for Higher Education in Virginia, 1972-1982."] Richmond, Virginia: State Council of Higher Education for Virginia, n.d. [Pamphlet.]

_____. "The Virginia Plan for Higher Education." Richmond, Virginia: State Council of Higher Education for Virginia, December, 1967. [Pamphlet.]

_____. "The Volume and Cost of Instructional Services at Virginia's Colleges." 1966-67, 1970-71. Richmond, Virginia: State Council of Higher Education for Virginia, November, 1967; and April, 1972; respectively. [Pamphlets.]

"Supplement to the Revised Code, a Collection of Acts since 1819." Richmond, Virginia: Samuel Sheperd and Co., 1833.

Third Edition of the Code of Virginia. [Prepared by George W. Munford.] Richmond, Virginia: James E. Goode, 1873.

Treasurer's Office. Annual Report. 1871-1927. [Found in bound copies of the Annual Reports of the Commonwealth of Virginia.] Richmond, Virginia: Superintendent of Public Printing, 1871 through 1927.

University of Virginia, Office of the President. "The University of Virginia in the Decade of the Seventies." [A Report of the Findings and Recommendations of the Committee on the Future of the University.] Charlottesville, Virginia: N.p., April, 1972. [Typewritten.]

The Virginia Code Commission. Code of Virginia, 1950. Annotated. Vols. I, V [1969 Replacement Volume]; IX [1968 Replacement Volume]. Charlottesville, Virginia: The Michie Co., 1966, 1969, 1968, respectively.

_____. "Code of Virginia, 1950: 1971 Cumulative Supplement." Annotated. Vols. I [1966 Replacement Volume], V [1969 Replacement Volume], IX [1968 Replacement Volume]. Charlottesville, Virginia: The Michie Co., 1971. [Pamphlets.]

_____. "Code of Virginia, 1950: 1972 Supplement." Annotated. Vols. I, V. Charlottesville, Virginia: The Michie Co., both 1972. [Pamphlets.]

_____. The Virginia Code of 1942. Annotated. Charlottesville, Virginia: The Michie Co., 1942.

Virginia Polytechnic Institute and State University. "State Formulae for Higher Education: Abstracts of Methods Used in Funding Eleven Land Grant Universities." Office of Institutional Research Series, Vol. V, No. 2. Blacksburg, Virginia: Virginia Polytechnic Institute and State University, July 19, 1972. [Pamphlet.]

Virginia State Chamber of Commerce. "Virginia Budget System." Document No. 2. Richmond, Virginia: Virginia State Chamber of Commerce, 1925. [Pamphlet.]

_____. "Virginia Higher Education." [An appraisal and program to aid Virginia's economic development.] Richmond, Virginia: Virginia State Chamber of Commerce, 1963. [Pamphlet.]

_____. Virginia's Government. 1955, 1968, 1973. Richmond, Virginia: Virginia State Chamber of Commerce, 1955, 1968, 1973, respectively.

Virginia State Library, Archives Division. "Executive Papers." Administrations of the following Governors: William H. Mann, 1910-14; H. F. Byrd, 1926-30; J. H. Price, 1938-42; W. M. Tuck, 1946-50; J. S. Battle, 1950-54; T. B. Stanley, 1954-58; J. L. Almond, 1958-62; A. S. Harrison, 1962-66; M. E. Godwin, 1966-70; and A. L. Holton [sic], 1970-71.

Government Documents of the United States

U. S. Congress. Joint Economic Committee. "The Analysis and Evaluation of Public Expenditures: The PPB System [Planning, Programming, Budgeting]." A compendium of papers submitted to the Subcommittee on Economy in Government of the Joint Economic Committee. Vol. 3, Parts V, VI. Washington, D.C.: Government Printing Office, 1969.

- _____. Joint Economic Committee. "The Economics and Financing of Higher Education in the United States: A Compendium of Papers." Washington, D.C.: Government Printing Office, 1969. [Booklet.]
- _____. Joint Economic Committee, Subcommittee on Economy in Government. "Innovations in Planning, Programming and Budgeting in State and Local Governments: A Compendium of Papers." Washington, D.C.: Government Printing Office, 1969. [Pamphlet.]
- _____. Senate. Committee on Government Operations. "Planning, Programming, Budgeting." Hearings before the Subcommittee on National Security and International Operations of the Committee on Government Operations, 91st Cong., 1st sess., Part 5, held December 10, 1969. Washington, D.C.: Government Printing Office, 1969. [Booklet.]
- U.S. Department of Commerce, Bureau of the Census. "Projections of School and College Enrollment 1971 to 2000." Series P-25, No. 473. Washington, D.C.: Government Printing Office, January, 1972. [Pamphlet.]
- U.S. Department of Health, Education and Welfare, Center for Community Planning. "Catalogue of Health, Education, and Welfare State Administered Formula Grant Programs." Washington, D.C.: Government Printing Office, July, 1970. [Booklet.]
- U.S. Department of Health, Education and Welfare, Office of Assistant Secretary [Planning and Evaluation]. "Planning-Programming-Budgeting: Guidance for Program and Financial Plan." Rev. February 1968. Washington, D.C.: Government Printing Office, 1968. [Booklet.]
- U.S. Department of Health, Education and Welfare, Office of Education. "Higher Education in the Tidewater Area of Virginia: A condensation of the complete report." Washington, D.C.: Government Printing Office, September, 1959. [Pamphlet.]
- U.S. General Accounting Office. "Planning-Programming-Budgeting and Systems Analysis Glossary." Washington, D.C.: Government Printing Office, 1968. [Pamphlet.]

Periodicals

- Capron, William M. "PPB and State Budgeting." Public Administration Review, XXIX (March/April 1969), 155-59.
- Clapp, V. W., and Jordan, R. T. "Quantitative Criteria for Adequacy of Academic Library Collections." College and Research Libraries, September, 1965, pp. 371-80.
- Greenhouse, S. M. "The Planning-Programming-Budgeting System: Rationale, Language, and Idea Relationships." Public Administration Review, XXVI, 4 (December, 1966), 271-77.
- Gross, Bertram. "The New Systems Budgeting." Public Administration Review, XXIX (March/April 1969), 113-37.
- Hirsch, W. Z. "Toward Federal Program Budgeting." Public Administration Review, XXVI, 4 (December, 1966), 259-69.
- _____, and Marcus, M. J. "Some Benefit-Cost Considerations of Universal Junior College Education." National Tax Journal, XIX (March, 1966), 48-57.
- Hodges, LeRoy. "Virginia's Budget Efficiency." American Industry, XXIV, 5 (December, 1923), 20-23.
- _____. "Virginia's War Economy and the Budget System." Proceedings of the Academy of Political Science, VIII, 1 (July, 1918), 50-53. [Reprint.]
- McGilvery, F. E. "A Management Accounts Structure." Public Administration Review, XXVI, 4 (December, 1966), 277-83.
- Mosher, F. C. "Limitations and Problems of PPBS in the States." Public Administration Review, XXIX (March/April 1969), 160-67.
- Schick, Allen. "Planning-Programming-Budgeting System: A Symposium--The Road to PPB, The Stages of Budget Reform." Public Administration Review, XXVI, 4 (December, 1966), 243-58.
- _____. "Systems Politics and System Budgeting." Public Administration Review, XXIX (March/April 1969), 137-51.
- Tucker, Robert H. "The Virginia Reorganization Program." National Municipal Review, XVIII, 11 (November, 1928), 673-80.

Wildavsky, A. "Political Economy of Efficiency: Cost-Benefit Analysis Systems Analysis, and Program Budgeting." Public Administration Review, XXVI, 4 (December, 1966), 292-310.

_____. "Rescuing Policy Analysis from PPB." Public Administration Review, XXIX (March/April 1969), 189-202.

_____. "A Theory of the Budgeting Process." American Political Science Review, LX, 3 (September, 1966), 529-48.

Witmer, David R. "Cost Studies in Higher Education." Review of Educational Research, XLII, 1 (Winter, 1972), 99-127.

Dissertation Abstracts

Bartch, D. E. "An Examination of the Implementation of a PPBS in a Community College." Unpublished Ph.D. dissertation, Wayne State University, 1970.

Dunaway, G. M. "A Study to Develop a Formula for Distribution of State Funds to Junior Colleges Based on a Cost of Programs in Selected Junior Colleges." Unpublished Ed.D. dissertation, Auburn University, 1969.

Gulko, W. W. "A Generalized Structure for Classifying and Costing Higher Education Programs." Unpublished Ph.D. dissertation, University of Minnesota, 1970.

Jacobs, W. R. "An Instructional Cost Analysis in the College of Liberal Arts at Arizona State University." Unpublished Ph.D. dissertation, Arizona State University, 1971.

McCanna, W. F. "College and University Planning, Programming, and Budgeting: Criteria for Definition of Programs and Program Elements." Unpublished Ph.D. dissertation, University of Wisconsin, 1969.

Shagory, G. E. "A Planning Program Budget System Model for a College within a University Decision-Making Environment." Unpublished Ph.D. dissertation, University of Florida, 1971.

Witmer, D. R. "The Value of College Education: A Benefit-Cost Analysis of Major Programs of Study in the Wisconsin State Universities." Unpublished Ph.D. dissertation, Wisconsin State University, 1971.

Interviews and Personal Contacts

- Andrews, Hunter B. [Virginia State Senator and Member of Senate Finance Committee]. Personal interview. April 25, 1973.
- Bagley, Richard M. [Delegate to General Assembly of the State of Virginia and Member of Appropriations Committee]. Personal interview. April 16, 1973.
- Barrett, J. Stuart. [Director of the Division of Engineering and Buildings, State of Virginia]. Personal interview. December 4, 1973.
- Bateman, Herbert H. [Virginia State Senator and Member of the Senate Finance Committee]. Personal interview. April 24, 1973.
- Bryant, J. Howard [Dr.] [Director of Automated Data Processing Division for State of Virginia]. Personal interview. February 23, 1973.
- Cook, James B., Jr. [Higher Education Analyst in the Division of the Budget]. Personal interview in presence of E. J. Crockin, July 20, 1972; and subsequent conversations through January 1, 1974.
- Cribbs, Jeffrey S. [Coordinator, Fiscal Research for the State Council of Higher Education for Virginia]. Personal interview. June 30, 1972, July 20, 1972.
- _____. "Finance and Budgeting in the State of Virginia." Lecture presented to graduate class, Ed 576, at College of William and Mary, Williamsburg, Virginia, February 22, 1973.
- Crockin, Edwin J. [Deputy Director of the Division of the Budget, State of Virginia]. Telephone conversation July 3, 1973; personal interview in presence of James B. Cook, Jr., July 20, 1972; and subsequent conversations through January 1, 1974.
- Crockin, Edwin J.; Cook, James B. Jr.; and Roberts, J. Discussion. August 23, 1972.
- Crooks, L. Daniel. [Director of Finance and Accounting for the Virginia Department of Community Colleges]. Personal interview. July 20, 1972.
- Finley, Donald J. [Assistant Director of the State Council of Higher Education for Virginia]. Personal interview. August 6, 1973.

- Garber, John W. [Director of the Division of Personnel, State of Virginia]. Personal interview. December 4, 1973.
- Hones, Cal. [Director of Business Office, Christopher Newport College, Newport News, Virginia]. Telephone conversation. November 26, 1973.
- Houston, Charles [Columnist for the Richmond News Leader]. Personal interview. May 23, 1973.
- Jones, Robert C. [former staff member of the State Council of Higher Education for Virginia, and Associate Dean of the School of Education, The College of William and Mary in Virginia]. Personal interview. May 14, 1973.
- Kuhn, L. M. [Director, Division of the Budget, 1958-70]. Personal interview. May 2, 1973.
- Lowance, C. O. [Commissioner of Administration, 1966-70]. Personal interview. May 24, 1973.
- McFarlane, William H. [Director of the State Council of Higher Education for Virginia, 1958-1964]. Personal interview. November 7, 1973.
- McTarnaghan, Roy E. [Director, State Council of Higher Education for Virginia 1969-1972]. Personal interview, June 30, 1972 and telephone conversation, November 7, 1972.
- Marvin, Daniel E., Jr. [Director of the State Council of Higher Education for Virginia]. Personal interview. March 9, 1973.
- Miller, C. P., Jr. [Assistant Comptroller, State of Virginia]. Personal interview. September, 1972.
- Quinn, R. E. [Delegate to General Assembly of the State of Virginia and Member of Education Committee]. Personal interview. April 16, 1973.
- Robinson, W. P. [Delegate to the General Assembly of the State of Virginia and Member of Education Committee]. Personal interview. April 19, 1973.
- Shiflet, Earl J. [Secretary of Education for the State of Virginia]. Personal interview. February 15, 1973.
- Slaughter, D. French. [Delegate to General Assembly of the State of Virginia]. Personal interview. March 6, 1973.

- Smith, W. Roy. [Delegate to the General Assembly of Virginia, and Chairman of the House Appropriations Committee]. Personal interview. March 9, 1973.
- Stem, A. [Division of Personnel]. Telephone conversation. November 27, 1973.
- Stone, William F. [Virginia State Senator]. Personal interview, March 8, 1973.
- Temple, T. Edward. [Secretary of Administration for the State of Virginia]. Personal interview. February 15, 1973.
- Thomson, James M. [Delegate to the General Assembly of the State of Virginia and Member of House Appropriations Committee]. Personal interview. January, 1973.
- Walker, Charles R. [Fiscal Analyst for the State Council of Higher Education for Virginia, 1965-68]. Personal interview [in Denver, Colorado]. July 18, 1973.
- Wardrop, Raymond J. [Facilities Research Coordinator, State Council of Higher Education for Virginia]. Personal interview. July 24, 1973.
- Willey, E. E. [Virginia State Senator and Chairman of the Senate Finance Committee]. Personal interview. March 20, 1973.
- Woodard, Prince B. [Director of the State Council of Higher Education for Virginia, 1964-1969]. Personal interview. July 30, 1973.

Other Sources

- Bradford, J. H. "The Budget and Reorganization." An address delivered at the Institute of Public Affairs, University of Virginia, August 12, 1930.
- _____. "Salient Features of the Virginia State Budget for the Biennium Ending June 30, 1948." Richmond, Virginia: Division of Purchase and Printing, March, 1947. [Booklet.]
- _____. "State Financial Procedure in Virginia." Richmond, Virginia: Division of Purchase and Printing, 1928. [Pamphlet.]

- Council of State Governments. "Budget Preparation Applications on ADP [Automated Data Processing]." RM-411. Chicago: May, 1968. [Pamphlet.]
- _____. "Capital Budgeting and Methods of Borrowing." Lexington, Kentucky: May, 1969. [Pamphlet.]
- _____. "A Survey of the Use of Electronic Data Processing by State Legislatures [A Revision]." Lexington, Kentucky: July, 1972. [Pamphlet.]
- Emerson, Bruce. "A History of Relationships between the State of Virginia and Its Public Normal Schools, 1869-1930." Unpublished Ed.D. dissertation, The College of William and Mary in Virginia, May, 1973.
- Farmer, James. "An Approach to Planning and Management Systems Implementation." Los Angeles: California State Colleges, January, 1971. [Booklet.]
- Gerber, Daniel R. [Associate Professor of Education, College of William and Mary]. "Coordination in Higher Education: A Case Study." Unpublished manuscript, 1971.
- Hawaii, State of: Department of Budget and Finance. "The Agricultural Program." [The first element and prototype of a PPB Budget in Hawaii prepared by high speed electronic equipment. The format is to be used in the 1973-75 budget.] Honolulu, Hawaii: Department of Budget and Finance, December, 1971. [Booklet.]
- Hirsch, W. Z. "Program Budgeting for Education." MR-63, U.S. Department of Health, Education, and Welfare, Office of Education. Paper presented at the 29th National Meeting of the Operations Research Society of America, Santa Monica, California, May 19, 1966.
- Koenig, Herman E. "A Systems Model for Management, Planning and Resource Allocation in Institutions of Higher Education." Prepared for Western Interstate Commission for Higher Education--American Council on Education Higher Education Management Information Systems Seminar, April 24-26, 1969.
- Miller, James L., Jr. "New Directions in the Coordination of Higher Education." Address to the Workshop for the Association of Governing Boards of Universities and Colleges, Williamsburg, Virginia, May 17, 1969.

National Association for State Information Systems. "Information System Technology in State Government." Lexington, Kentucky: Council of State Governments, 1971. [Pamphlet.]

National Association of State Budget Officers. "Approaches to the State Central Budget Process." Lexington, Kentucky: Council of State Governments, 1970. [Pamphlet.]

_____. "Budgeting for Responsible State Government." Lexington, Kentucky: Council of State Governments, n.d. [Pamphlet.]

_____. "Management Analysis for State Budget Offices." Lexington, Kentucky: Council of State Governments, 1969. [Pamphlet.]

Pennsylvania, Commonwealth of; Office of Administration, Office of the Budget. "Governor's Executive Budget 1973-1974." Vols. 1 and 2. Harrisburg, Pennsylvania: Office of the Budget, n.d. [Pamphlet.]

_____. "Instructions for the Preparation of Agency Operating and Capital Budget Requests." Harrisburg, Pennsylvania: Office of the Budget, August, 1972. [Pamphlet.]

Richmond-News Leader. 1939-73. [A survey of at least 59 separate clipping files of varying time periods, the earliest being for the Virginia Budget Division in 1939. Nine files were examined as far back as the 1940s; the remainder were reviewed for the 1950s, 1960s, and 1970s.].

Richmond-Times Dispatch. 1939-73. [A survey of at least 59 separate clipping files of varying time periods, the earliest being for the Virginia Budget Division in 1939. Nine files were examined as far back as the 1940s; the remainder were reviewed for the 1950s, 1960s, and 1970s.].

Russell, John Dale. "The Finance of Higher Education." Chicago: University of Chicago Bookstore, 1944. [Typewritten.]

Shiflet, Earl J. "Comments to Virginia Social Science Association." Address at Virginia Polytechnic Institute and State University, Blacksburg, Virginia, April 26, 1973.

Southern Association of Colleges and Schools. "Standards of the College Delegate Assembly." Atlanta, Georgia: Southern Association of Colleges and Schools, December 1, 1971. [Pamphlet.]

- State of Maryland, Maryland Council for Higher Education. "A Framework for State Budgeting for Institutions of Higher Education." Annapolis, Maryland: Maryland Council for Higher Education, May, 1971. [Mimeographed.]
- Stauffer, William H. "Higher Education in Virginia." Richmond, Virginia: Division of Purchase and Printing, 1936. [Pamphlet.]
- Stuart, Douglas Allen. "The Application of Formula and Cost Analysis Procedures to the Budgeting of Academic Departments." Unpublished thesis submitted to Michigan State University for a Ph.D. degree, 1966.
- Thomas Nelson Community College. "Budget Exhibits, 1972-74 Biennium." Hampton, Virginia: Thomas Nelson Community College, 1972. [Pamphlet.]
- Trinkle, E. Lee [Governor of Virginia]. "Distinctive Features of the Virginia Budget System." Richmond, Virginia: Press of Virginia State Penitentiary, 1922(3). [Pamphlet.]
- Vermont, State of; Agency of Administration, Department of Budget and Management. "Executive Budget, 1974." Montpelier, Vermont: Department of Budget and Management, 1974. [Pamphlet.]
- _____. "Selected Statistical Tables Relating to Higher Education in Vermont." Unpublished series of tables, July 19, 1973. [Mimeographed.]
- _____. "State of Vermont Program and Budget Guidance FY 1975." Montpelier, Vermont: Department of Budget and Management, June 15, 1973. [Pamphlet.]
- _____. "Vermont Facts and Figures, 1973." Montpelier, Vermont: Office of Statistical Coordination, March, 1973. [Pamphlet.]
- Western Interstate Commission for Higher Education. "Higher Education Facilities Planning and Management Manuals." 1-7. Boulder, Colorado: May, 1971. [Booklets.]
- _____. "Higher Education Faculty and Staff Assignment Classification Manual." Prepared by W. John Minter, National Center for Higher Education Management System, in cooperation with the College and University Personnel Association under contract with the National Center for Education Statistics. [Contract No. OEC-0-70-4313 (521)] Boulder, Colorado: June, 1971. [Booklet.]

- _____. "Higher Education Planning and Management." Boulder, Colorado: January, 1972. [Pamphlet.]
- _____. "Inventory of Educational Outcomes and Activities." Preliminary Field Review Edition, Technical Report 15. Boulder, Colorado: January, 1971. [Booklet.]
- _____. "Management Information Systems: Their Development and Use in the Administration of Higher Education." Boulder, Colorado: October, 1969. [Pamphlet.]
- _____. "The National Center for Higher Education Management Systems: Its Nature and Mission." Boulder, Colorado: 1972. [Pamphlet.]
- _____. "Outputs of Higher Education: Their Identification; Measurement, and Evaluation." Papers from a seminar held at Washington, D.C., May 3-5, 1970, conducted by Western Interstate Commission for Higher Education in cooperation with the American Council on Education and the Center for Research and Development in Higher Education at Berkeley.
- _____. "Program Budgeting at Micro-U." Prepared by Robert A. Huff, a Management Information Systems Training Document. Boulder, Colorado: January, 1970. [Booklet.]
- _____. "Resource Requirements Prediction Model: An Overview." Technical Report 16. Boulder, Colorado: June, 1971. [Booklet.]
- _____. National Center for Higher Education Management System. "Inventory of Educational Outputs and Environmental Variables." Boulder, Colorado: n.d. [Booklet.]
- _____. "Micro-U.II." A body of Hypothetical Institutional Data to be used in National Center for Higher Education Management System training exercises. Boulder, Colorado: December, 1971. [Booklet.]
- _____. "Micro-U. II Chart of Accounts to the Program Classification Structure." Boulder, Colorado: April, 1971. [Booklet.]
- _____. "Micro U. II Sample Data for the Cost Estimation Model." Boulder, Colorado: February, 1971. [Booklet.]
- _____. "Overview of the Cost Estimation Model." Boulder, Colorado: April, 1971. [Booklet.]

- _____. "Program Classification Structure." Revised Preliminary edition. Boulder, Colorado: February, 1971. [Booklet.]
- _____. "A Resource Requirements Prediction Model (RRPM-1): Guide for the Project Manager." Technical Report 20. Boulder, Colorado: October, 1971. [Booklet.]
- _____. "Statewide Planning for Post Secondary Education: Conceptualization and Analysis of Relevant Information." Boulder, Colorado: March, 1972. [Booklet.]
- _____. "Training Implementation Program (TIP)." Visuals Used in PMS Seminars. Boulder, Colorado: March, 1972.

ABSTRACT

STATE CONTROLLED HIGHER EDUCATION IN VIRGINIA AND THE BUDGETING PROCESS 1950-1972: A MOVE TOWARD FORMAL METHODS

The heavy financial burdens placed on state governments in the post-World War II era by burgeoning institutions of higher education precipitated the study of the budgetary process. The studies revealed a nationwide trend toward more centralized, formal, and rational approaches to budgeting for higher education. The question arises, "Is the Commonwealth of Virginia following the national trend?" Answering this question suggests the hypothesis that, if Virginia is following the national trend, the budgetary process would manifest a change toward the use of more formal budgeting methods. Formal budgeting methods were defined as: formula budgeting, automated data processing techniques, management information systems, or program budgeting.

This study examines the hypothesis with respect to four categories of information--the philosophy, the powers, the structures, and the interagency relations--which would tend to support or reject the hypothesis. The background of formal budgeting is traced from 1607 to 1950. Then the changes between 1950 and 1972 are examined.

The research was conducted by three primary methods: first, a review of relevant literature, including the Executive Papers in the State Archives, two leading state newspapers, and official legislative documents; second, interviews with personalities involved with the budgeting for higher education; and, third, experience in the Division of the Budget at the State Capitol.

The conclusions of the study supported the hypothesis. First, philosophically, the Commonwealth of Virginia became committed to formal methods of budgeting for higher education. A system of formula budgeting and a system of information data collection were adopted and refined. An automated data processing capability was developed. The State made a commitment to program budgeting, but the results are not conclusive. Second, the change in statutory powers did not present a clear reinforcement of the hypothesis. Constitutional powers influenced the development of a formula for student aid. Third, certain structural changes were found to favor the hypothesis; and others, to disfavor it. Fourth, the growth of the supportive role of the State Council, the development of a more cooperative spirit between the Division of the Budget and the State Council, the acceptance of a common concept for formula budgeting, and development of favorable working relations between key state agencies favored the hypothesis. The lack of effective statistical analysis and a six- to eight-year lag for budgetary innovation disfavored the hypothesis. Finally, the Division of the Budget evolved toward a technical rather than policy function.

VITA

Richard Allan Kellogg

Born in New York City, New York, October 26, 1925. Attended college at the United States Military Academy at West Point, New York, between 1943 and 1946. In 1955-1956 earned a Master of Arts degree in Government at the George Washington University in Washington, D. C. Studied at the College of William and Mary since 1959, earning a Master of Arts degree in Community College Teaching in 1971 and an Advanced Certificate in Higher Education in May, 1973. At other times, undertook individual courses in International Finance at the University of Virginia, Charlottesville, Virginia, in 1960 and in the Russian language at the University of Maryland Extension Division, Wiesbaden, Germany in 1951-1952.

Candidate at the College of William and Mary for the degree Doctor of Education in 1974.